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Madrid

COMUNICACIÓN DE OTRA INFORMACIÓN RELEVANTE

FTPYME TDA CAM 4, FONDO DE TITULIZACIÓN DE ACTIVOS
Actuaciones sobre las calificaciones de los bonos por parte de S&P Global Ratings.

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica la siguiente Información Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por S&P Global Ratings con fecha 13 de septiembre de 2022, donde se llevan a cabo las siguientes actuaciones:

- Serie B, **afirmado como AAA (sf).**
- Serie C, **subida a AA- (sf) desde B+ (sf).**
- Serie D, **afirmado como D (sf).**

En Madrid, a 18 de octubre de 2022

Ramón Pérez Hernández
Consejero Delegado

S&P Global
Ratings

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FTPYME TDA CAM 4 Class C SME CLO Rating Raised Following Review; Class B And D Ratings Affirmed

September 13, 2022

Overview

- We raised our rating on FTPYME TDA CAM 4's class C notes following our performance review of the transaction.
- At the same time, we affirmed our ratings on the class B and D notes.
- FTPYME TDA CAM 4 is a single-jurisdiction cash flow CLO transaction backed by an amortizing portfolio of SME loans. It closed in December 2006.

PARIS (S&P Global Ratings) Sept. 13, 2022--S&P Global Ratings today raised to 'AA- (sf)' from 'B+ (sf)' its credit rating on FTPYME TDA CAM 4, Fondo de Titulizacion de Activos' class C notes. At the same time, we affirmed our 'AAA (sf)' rating on the class B notes and our 'D (sf)' rating on the class D notes.

Credit analysis

We have applied our European small and midsize enterprise (SME) CLO criteria to determine the scenario default rates (SDRs)--the minimum level of portfolio defaults that we expect each tranche to be able to withstand at a specific rating level using CDO Evaluator (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013).

We ranked the originator in 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 4, we lowered the archetypical average credit quality by one notch to 'b' from 'b+'. Due to the absence of information on the securitized portfolio's creditworthiness compared with the originator's entire loan book, we have historically further adjusted the average credit quality by three notches to 'ccc' (see table 4 in our European SME CLO criteria). However, for at least the past five years, cumulative defaults have remained relatively flat, at approximately 8.0%, and average arrears over this period are below 1.5%. As such, we revised the average credit quality adjustment to two notches from three notches resulting in an average credit quality assessment of 'ccc+'. The portfolio selection adjustment is intended to capture portfolio selection biases and is typically determined at closing. Nevertheless, the last 15 years of data lead us to re-consider the negative adjustment and diminish it.

We used this 'ccc+' average credit quality assessment to generate our 'AAA' SDR of 78.67% (a 4.46% improvement since our 'AAA' SDR of 83.13% in our previous review). The improvement in the

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'AAA' SDR was driven by the updated average credit quality assessment and a reduced weighted-average maturity (5.21 years from 5.39 years in our previous review).

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, and considering that cumulative defaults increased only marginally since our previous review, we maintained our 'B' SDR at 12%. Maintaining our 'B' SDR at 12% lowers the total cumulative defaults we expect over the transaction's life.

We interpolated the SDRs for rating levels between 'B' and 'AAA' in accordance with our European SME CLO criteria.

Cash flow analysis

At each liability rating level, we applied a weighted-average recovery rate (WARR) by considering observed historical recoveries. In addition, we consider the time taken to realize recoveries upon a default as part of our recovery timing analysis. The length of time we assume the recovery process will take is determined by the category we have placed the country's legal framework in. As our country grouping for Spain is 'Group A', the minimum recovery timing is 12 months. The recent recovery timing for the transaction is in line with this 12-month period and we have therefore applied a 12-month recovery timing assumption.

On review of our WARR assumption in a 'B' scenario we increased the expected recovery to 70% from 45% with 35% to be received after the initial minimum 12-month period and the remaining 35% to be received after 24 months. This improved recovery assumption follows continuing improving recoveries which have increased to 75% from 53% over the past five years. In addition, the performing portfolio currently comprises 94% of senior secured first-lien loans which represent high recovery prospects.

We used the portfolio balance that the servicer considered to be performing, the current weighted-average spread, and the above WARRs. 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

Under our structured finance sovereign risk criteria, the class B notes can be rated up to six notches above the unsolicited long-term rating on Spain (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019).

Since our previous review, in July 2021, the class B notes have continued to amortize with almost €10.6 million of principal repaid. The class B notes now have 16% principal outstanding, compared with their original issuance level, with an aggregate principal amount of €10.5 million supported by a current reserve fund balance of €23.6 million. Considering the results of our credit and cash flow analysis and the application of our sovereign risk criteria, we affirmed our 'AAA (sf)' rating on this class of notes.

Deleveraging of the senior class B notes has also benefitted the junior class C notes, with credit enhancement increasing to 48.83% from 35.97% in our previous review. However, as the portfolio's weighted-average maturity still exceeds five years, repayment of the class C notes in our modeling relies on recovery proceeds received on assets defaulted by our stress scenarios. As such, the highest achievable rating for the class C notes is sensitive to the recovery assumption, recovery timing, and fees assumed. In a high default scenario, in which little to no principal is being received, the 12-month recovery lag means that the transaction relies on excess spread to cover the fees. As the portfolio balance falls and the excess spread is reduced, or removed all together, the repayment of the notes becomes sensitive to large, fixed fee amounts which become due. The actual fixed fee amounts paid are reducing in line with the portfolio balance, and as such, we have reduced the total fee coverage we assume in modeling since our previous review.

Considering the benefit of increased credit enhancement, an improved weighted-average recovery rate assumption, a one notch improvement to the average credit quality assessment and reducing fee amounts, we raised to 'AA- (sf)' from 'B+ (sf)' our rating on the class C notes. The results of our credit and cash flow analysis suggest that this class could pass at higher rating levels, however our 'AA- (sf)' rating reflects the note repayments' sensitivity to the recovery assumptions, recovery timing, and fees assumed in high default scenarios.

We affirmed our 'D (sf)' rating on the class D notes as they continue to miss their interest payments.

FTPYME TDA CAM 4 is a single-jurisdiction cash flow CLO transaction securitizing a portfolio of SME loans that BANCO CAM S.A.U. originated in Spain. The transaction closed in December 2006.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 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: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Various Rating Actions Taken On FTPYME TDA CAM 4's Spanish SME CLO Notes Following Review, July 31, 2018
- 2017 EMEA Structured Credit Scenario And Sensitivity Analysis, July 6, 2017
- 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
- Presale: FTPYME TDA CAM 4 Fondo de Titulizacion de Activos, Nov. 30, 2006