Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Material Event concerning **FTPYME BANCAJA 3 FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to section III.4.2.d of the Prospectus for **FTPYME BANCAJA 3 FONDO DE TITULIZACIÓN DE ACTIVOS** (the "**Fund**") notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Standard & Poor's Ratings Services** ("**S&P**") announced on June 6, 2011 that it has removed from Credit Watch negative the rating assigned to the following Bond Series issued by the Fund:
  - **Series A3(G)**: **AAA (sf)** (previously **AAA (sf)**, watch negative)

  In addition, S&P advised of a downgrade of the ratings assigned to the remaining Bond Series:
  - **Series B**: **A- (sf)** (previously **AA- (sf)**, watch negative)
  - **Series C**: **B (sf)** (previously **BBB (sf)**)
  - **Series D**: **CCC (sf)** (previously **B+ (sf)**)

  Enclosed herewith is the communication issued by S&P.

Madrid, June 6, 2011.

Mario Masiá Vicente
General Manager

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June 6, 2011

S&P Takes Various Rating Actions In Spanish CLO Of SMEs Transaction FTPYME Bancaja 3

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OVERVIEW

- We have reviewed the performance of the underlying collateral and structural features of the transaction.
- We have also reviewed the levels of asset delinquencies, obligor concentration, and credit enhancement to the rated notes.
- As a result, we have taken various rating actions on FTPYME Bancaja 3.
- FTPYME Bancaja 3 is a Spanish SME CLO transaction that closed in October 2004. The portfolio is static and comprises loans made by Bancaja to Spanish SME entities between 1994 and 2004. Bancaja acts as servicer of these loans.

MADRID (Standard & Poor's) June 6, 2011--Standard & Poor's Ratings Services today took various credit rating actions on FTPYME Bancaja 3, Fondo de Titulizacion de Activos.

Specifically, we:
- Removed from CreditWatch negative our rating on the class A3(G) notes;
- Lowered and removed from CreditWatch negative our rating on the class B notes; and
- Lowered our ratings on the class C and D notes (see list below).

Today's rating actions follow our review of the credit quality of the underlying collateral of loans to Spanish small and midsize enterprises (SMEs) originated and currently serviced by Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja).

Our ratings on the notes in this transaction address the timely payment of interest due under the rated notes, and ultimate payment of principal at maturity of the rated notes.

The collateral in this transaction comprises secured and unsecured loans granted by Bancaja to Spanish SME entities between 1994 and 2004. Although the transaction is seasoned with a low pool factor, the underlying collateral now mainly comprises loans that were restructured in 2008 and 2009. Due to the seasoning of the transaction, there are obligor concentration issues: The top 20 obligors in the underlying collateral represent 32% of the current portfolio balance, as per the latest data available. The top obligor in this transaction represents 3.60% of the current portfolio, while the top five and top 10 obligors represent 13% and 21% of the current portfolio, respectively. These levels of obligor concentration are higher than we generally see in other similar transactions, and in our opinion this negatively affects the credit stability of our ratings. This is because, in our view, the transaction is highly exposed to the systemic risk that could be triggered by the negative credit migration of a very small number of obligors.

Due to the increase in defaults exacerbated by the obligor concentration and lower-than-expected recoveries, the transaction is currently undercollateralized--meaning that in our opinion there is insufficient performing collateral available to fully repay the principal amount outstanding of all the rated notes. Although the level of credit enhancement provided by the performing balance is currently positive for the class A3(G), B, and C notes, it is negative for the class D notes.

Based on the latest available investor report, the pool factor is 10.34%, and assets classified as delinquent (those in arrears between three months and 18 months from the payment due date) account for 1.86% of the current portfolio.

Although delinquency levels appear to be stabilizing, we observe that the rollover rate from delinquency to default is high. Based on the latest available data, the level of cumulative defaulted assets accounts for 1.38% of the original pool at closing, and 13.33% of the current balance of the portfolio.

Furthermore, the data indicate that the level of recoveries on defaulted assets is lower than our initial assumptions, as the level of recovery proceeds reported by the trustee are currently averaging 11.30% of the defaulted amount, and these recoveries are not showing any improving trend.

Regarding the structural features of the notes, all classes are redeeming sequentially, and credit enhancement to the rated notes is provided by the subordination of lower-ranking classes and the reserve fund. This reserve fund has been fully depleted since the June 2010 interest payment date, and is therefore not providing any enhancement to the notes. As such, the curing of defaults and delinquencies is now only possible through the excess spread generated by the portfolio.

The transaction benefits from an interest rate swap providing a level of excess spread of 0.87% of the performing balance of the loans; however, we are not giving any credit to the swap features in this transaction, as the swap counterparty is Bancaja, on which we withdrew our rating in December 2008 (see "Caja de Ahorros de Valencia, Castellón y Alicante Ratings Withdrawn At Bancaja's Request," published on Dec. 10, 2008). No substitution of the swap provider has taken place since; therefore, Bancaja became an ineligible swap provider at the end of the remedy period that followed the rating withdrawal.

In our projections, and based on the current capital structure, the excess spread provided by the performing assets is offset by the levels of nonperforming assets, even if the amounts of interest under the notes are relatively low compared with the spread generated at the portfolio level. This indicates that the reserve fund is not likely to be replenished. Furthermore, we anticipate that current levels of undercollateralization would likely increase as principal would be drawn to fund interest.

As a consequence, we have lowered our rating on the class D notes to 'CCC (sf)' from 'B+ (sf)' as, in our opinion, the issuer will not have the capacity to meet its financial commitment regarding the principal due at maturity under those notes.

We have also lowered our ratings on the class B and C notes to reflect our view of the issuer's weakening capacity to meet its financial commitments.

We placed the rating on the class A3(G) notes on CreditWatch negative on Jan. 18, 2011, when our updated counterparty criteria became effective (see "EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria"). That rating action was triggered by the rating on Banco Popular Espanol S.A. at the time of the action, and its involvement in the transaction as direct limited support. Following the downgrade of Banco Popular Espanol on Feb. 22, 2011, we placed on CreditWatch negative the rating on the class B notes on March 11, 2011 (see "Related Criteria And Research").

Taking into account the replacement of Banco Popular Espanol (A-/Negative/A-2) as bank account provider by a 'AA'-rated entity, we consider that ratings of 'AAA (sf)' on class A3(G), and 'A- (sf)' on class B are consistent with our criteria. We have therefore removed these classes from CreditWatch negative.

RELATED CRITERIA AND RESEARCH

- Standard & Poor's Ratings Definitions, April 27, 2011
- Spanish Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria—March 11, 2011, March 11, 2011
- Negative Rating Actions Taken On Four Spanish Banks In The Context Of A Difficult 2011, Feb. 22, 2011
- 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 CriteriaUnderstanding Standard & Poor's Rating Definitions, June 3, 2009
- Methodology And Assumptions: Update To The Criteria For Rating European SME Securitizations, Jan. 6, 2009
- Caja de Ahorros de Valencia, Castellón y Alicante Ratings Withdrawn At Bancaja's Request, Dec. 10, 2008
- Standard & Poor's Rating Methodology for CLOs Backed by European Small- and Midsize-Enterprise Loans, Jan. 30, 2003

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

RATINGS LIST

FTPYME Bancaja 3, Fondo de Titulizacion de Activos
€900 Million Floating-Rate Notes

Class	Rating To	From
Rating Removed From CreditWatch Negative		
A3(G)	AAA(sf)	AAA (sf)/Watch Neg
Rating Lowered And Removed From CreditWatch Negative		
B	A- (sf)	AA-(sf)/Watch Neg
Ratings Lowered		
C	B (sf)	BBB (sf)
D	CCC (sf)	B+ (sf)

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