Various Rating Actions Taken In 22 Spanish SME CLO Transactions Following Spanish Sovereign Upgrade

30-Oct-2015 11:42 EDT

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OVERVIEW

On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term sovereign rating on Spain.
Consequently, we have taken various rating actions in 22 Spanish SME CLO transactions.
Our review of these transactions incorporated the application of our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency, SME CLO criteria, and current counterparty criteria.

LONDON (Standard & Poor's) Oct. 30, 2015--Standard & Poor's Ratings Services today took various rating actions on 38 classes of notes in 22 Spanish small and midsize enterprise (SME) collateralized loan obligation (CLO) transactions.

Specifically, we have:
Raised our ratings on 28 tranches in 13 transactions,
Affirmed our ratings on eight tranches in seven transactions, and
Kept on CreditWatch negative our ratings on two tranches in two transactions (see list below).

On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term sovereign rating on Spain (see "Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable")
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Under our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency (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 (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015).

However, if all six of the conditions in paragraph 44 of the RAS criteria are met (including credit enhancement being sufficient to pass an "extreme" stress), we can assign ratings in the transaction up to a maximum of six notches (two additional notches of uplift) above the sovereign rating (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Where we have raised our ratings to 'AA-', the available credit enhancement for the notes (rated above the sovereign) is sufficient to withstand extreme stresses in our cash flow model.

Where we have raised our ratings to 'AA+', the available credit enhancement for the notes (rated above the sovereign) is sufficient to withstand severe stresses in our cash flow model. It is also sufficient to meet the six conditions outlined in our RAS criteria.

Where we have raised our ratings to 'BBB+', in our review, we determined that the available credit enhancement is not sufficient for the notes to be rated above the sovereign. We have therefore raised our ratings on these classes of notes to the 'BBB+' sovereign rating level.

For all of today's rating actions, we have also assessed the transactions' performance since our previous surveillance reviews. Today's upgrades reflect our view that these transactions are performing in line with our credit and cash flow assumptions.

On Aug. 18, 2015, we placed on CreditWatch negative our ratings on two SME CLO tranches (see "Ratings On 16 European CDO Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period"). Although the application of our RAS criteria supports upgrades for these tranches, we have kept on CreditWatch negative our ratings on these classes of notes. This is because the initial remedy period following the downgrades of counterparties in these transactions has expired and a remedy action has not been completed (or a definitive plan to remedy the downgrade within the extended 30 calendar day remedy period has not been presented to us).

We expect to resolve the CreditWatch placements within the next 90 days, and we will take any further rating actions that we consider appropriate.

The maximum potential ratings on seven classes of notes can be no higher than the currently assigned ratings, based on the downgrade provisions documented for them. We have therefore affirmed our ratings on these classes of notes based on the application of our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

We have affirmed our rating on one class of notes in one transaction as this class is guaranteed by the European Investment Fund.

RELATED CRITERIA AND RESEARCH

Related Criteria

Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
European SME CLO Methodology And Assumptions, Jan. 10, 2013

Related Research

Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable, Oct. 2, 2015
Ratings On 16 European CDO Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period, Aug. 18, 2015
2015 EMEA Structured Credit Scenario And Sensitivity Analysis, Aug. 6, 2015
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

Ratings List

Issuer	Issue description	Series (if applicable)	Class (if applicable)	Rating to	Rating from
Fondo de Titulizacion de Activos PYMES Banesto 2	EUR1 bil floating-rate notes		A2	BBB+ (sf)	BBB (sf)
Fondo de Titulizacion de Activos Santander Empresas 2	EUR2.954 bil floating-rate notes		C	AA- (sf)	A+ (sf)
Fondo de Titulizacion de Activos Santander Empresas 2	EUR2.954 bil floating-rate notes		D	BBB+ (sf)	BBB (sf)
Fondo de Titulizacion de Activos Santander Empresas 3	EUR3.546 bil floating-rate notes		A2	AA- (sf)	A+ (sf)
Fondo de Titulizacion de Activos Santander Empresas 3	EUR3.546 bil floating-rate notes		A3	AA- (sf)	A+ (sf)
Fondo de Titulizacion de Activos Santander Empresas 3	EUR3.546 bil floating-rate notes		B	BBB+ (sf)	BBB (sf)
Fondo de Titulizacion de Activos, FTPYME Santander 2	EUR1.8 bil floating-rate notes		C	AA- (sf)	A+ (sf)
Fondo de Titulizacion de Activos, FTPYME Santander 2	EUR1.8 bil floating-rate notes		D	BBB+ (sf)	BBB (sf)
IM FTPYME SABADELL 7 Fondo de Titulizacion de Activos	EUR1 bil floating-rate notes		A2 (G)	AA- (sf)	A+ (sf)
IM FTPYME SABADELL 7 Fondo de Titulizacion de Activos	EUR1 bil floating-rate notes		B	BBB+ (sf)	BBB (sf)
Bankinter 2 PYME, Fondo de Titulizacion de Activos	EUR800 mil asset-backed floating-rate notes		A2	AA- (sf)	A+ (sf)
Bankinter 2 PYME, Fondo de Titulizacion de Activos	EUR800 mil asset-backed floating-rate notes		B	AA- (sf)	A+ (sf)
Bankinter 2 PYME, Fondo de Titulizacion de Activos	EUR800 mil asset-backed floating-rate notes		C	BBB+ (sf)	BBB (sf)
Bankinter 3 FTPYME, Fondo de Titulizacion de Activos	EUR617.4 mil asset-backed floating-rate notes		A2	BBB+ (sf)	BBB (sf)
Bankinter 3 FTPYME, Fondo de Titulizacion de Activos	EUR617.4 mil asset-backed floating-rate notes		A3 (G)	BBB+ (sf)	BBB (sf)
CM Bancaja 1, Fondo de Titulizacion de Activos	EUR556.2 mil floating-rate notes		C	A+ (sf)/Watch Neg	A+ (sf)/Watch Neg
FTPYME Bancaja 6, Fondo de Titulizacion de Activos	EUR1.028 bil mortgage-backed floating-rate notes		A3(G)	A+ (sf)/Watch Neg	A+ (sf)/Watch Neg

BBVA Hipotecario 3, Fondo de Titulizacion de Activos	EUR1.45 bil mortgage-backed floating-rate notes.	B	AA- (sf)	A+ (sf)
BBVA Hipotecario 3, Fondo de Titulizacion de Activos	EUR1.45 bil mortgage-backed floating-rate notes.	C	BBB+ (sf)	BBB (sf)
BBVA-8 FTPYME Fondo de Titulizacion de Activos	EUR1.1 bil floating-rate notes	B	BBB+ (sf)	BBB (sf)
Empresas Hipotecario TDA CAM 3, Fondo de Titulizacion de Activos	EUR750 mil mortgage-backed floating-rate notes	A2	BBB+ (sf)	BBB (sf)
FTPYME TDA CAM 4, Fondo de Titulizacion de Activos	EUR1.529 bil floating-rate notes	A2	AA- (sf)	A+ (sf)
FTPYME TDA CAM 4, Fondo de Titulizacion de Activos	EUR1.529 bil floating-rate notes	A3(CA)	AA- (sf)	A+ (sf)
IM GRUPO BANCO POPULAR EMPRESAS 1, Fondo de Titulizacion de Activos	EUR1.832 bil floating-rate notes	A2	AA+ (sf)	AA (sf)
IM GRUPO BANCO POPULAR EMPRESAS 1, Fondo de Titulizacion de Activos	EUR1.832 bil floating-rate notes	B	AA- (sf)	A+ (sf)
IM GRUPO BANCO POPULAR EMPRESAS 1, Fondo de Titulizacion de Activos	EUR1.832 bil floating-rate notes	C	A+ (sf)	A (sf)
IM GRUPO BANCO POPULAR FTPYME I, Fondo de Titulizacion de Activos	EUR2.03 bil floating-rate notes	A5(G)	AA+ (sf)	AA (sf)
IM GRUPO BANCO POPULAR FTPYME I, Fondo de Titulizacion de Activos	EUR2.03 bil floating-rate notes	B	AA- (sf)	A+ (sf)
IM GRUPO BANCO POPULAR FTPYME I, Fondo de Titulizacion de Activos	EUR2.03 bil floating-rate notes	C	A+ (sf)	A (sf)
IM GRUPO BANCO POPULAR FTPYME I, Fondo de Titulizacion de Activos	EUR2.03 bil floating-rate notes	D	BBB+ (sf)	BBB (sf)
Fondo de Titulizacion de Activos PYMES SANTANDER 6	EUR408 mil asset-backed floating-rate note	A	A (sf)	A (sf)
Fondo de Titulizacion de Activos PYMES SANTANDER 9	EUR500 mil asset-backed floating-rate notes	A, B	A	A (sf)	A (sf)
Fondo de Titulizacion de Activos, PYMES SANTANDER 3	EUR1.884 bil floating-rate notes split between €1.570 billion asset-backed floating-rate	A	A- (sf)	A- (sf)

	notes and €314 million floating-rate notes			
GC FTPYME SABADELL 6, Fondo de Titulizacion de Activos	EUR1 bil floating-rate notes	A3(G)	A+ (sf)	A+ (sf)
PYMES BANESTO 3,Fondo de Titulizacion de Activos	EUR588 mil floating-rate notes	A	A- (sf)	A- (sf)
PYMES BANESTO 3,Fondo de Titulizacion de Activos	EUR588 mil floating-rate notes	B	BBB+ (sf)	BBB+ (sf)
BBVA-5 FTPYME Fondo de Titulizacion de Activos	EUR1.9 bil floating-rate notes	C	AAA (sf)	AAA (sf)
BBVA-9 PYME FTA	EUR470 mil asset-backed floating-rate notes	A	A- (sf)	A- (sf)

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