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

30-Oct-2015 11:42 EDT

View Analyst Contact Information

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")
.

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) |


Surveillance Credit Analyst: Abhijit A Pawar, London (44) 20-7176-3774; abhijit.pawar@standardandpoors.com

Secondary Contact: Matthew Jones, London (44) 20-7176-3591; matthew.jones@standardandpoors.com

Additional Contact: Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com



No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use

the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 or by e-mail to: research_request@standardandpoors.com.

Legal Disclaimers
Careers at S&P Ratings Services
Terms of Use
Privacy and Cookie Notice
Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

Reproduction and distribution of this information in any form is prohibited except with the prior written permission of Standard & Poor's. Standard & Poor's does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information. STANDARD & POOR'S GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. STANDARD & POOR'S shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of this information, including ratings. Standard & Poor's ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Please read our complete disclaimer here