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Rating Lowered To 'D (sf)' On Spanish SME CLO Transaction BBVA-7 FTGENCAT's Class C Notes After Missed Interest Payment

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OVERVIEW

- Due to increasing cumulative defaults in BBVA-7 FTGENCAT since November 2012 and the reserve fund's full depletion, the class C notes missed their payment due on the October 2013 interest payment date.
- We have therefore lowered to 'D (sf)' from 'CCC- (sf)' our rating on this class of notes.
- The class C notes have breached their interest deferral trigger since July 2012.
- BBVA-7 FTGENCAT closed in February 2008 and securitizes secured and unsecured loans granted to SMEs.

LONDON (Standard & Poor's) Nov. 4, 2013--Standard & Poor's Ratings Services today lowered to 'D (sf)' from 'CCC- (sf)' its credit rating on BBVA-7 FTGENCAT Fondo de Titulizacion de Activos' (BBVA-7 FTGENCAT) class C notes.

Today's rating action follows our assessment of the transaction's performance. Cumulative defaults over the original portfolio balance have increased to 6.04% as of the end of September 2013, from 5.37%, year-on-year. Under the transaction documents, the interest deferral trigger for the class C notes, which is based on cumulative defaults over the original balance of assets securitized at closing, is 5.05%. The notes have breached this interest deferral trigger since the July 2012 payment date.

Rating Lowered To 'D (sf)' On Spanish SME CLO Transaction BBVA-7 FTGENCAT's Class C Notes After Missed Interest Payment

Due to the increased cumulative defaults over the past year and the reserve fund's full depletion on the last interest payment date, the class C notes missed their payment due on the October 2013 interest payment date. We have therefore lowered to 'D (sf)' from 'CCC- (sf)' our rating on BBVA-7 FTGENCAT's class C notes.

BBVA-7 FTGENCAT closed in February 2008 and securitizes secured and unsecured loans granted to small and midsize enterprises (SMEs). Banco Bilbao Vizcaya Argentaria S.A. is the originator of the transaction.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an residential mortgage-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

- Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Dec. 23, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Standard & Poor's Ratings Definitions, Oct. 24, 2013
- Various Rating Actions Taken In Five BBVA Spanish SME CLO Transactions Following Review, Nov. 6, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

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