

Ratings On 305 Tranches In 120 European RMBS Transactions Placed On CreditWatch Negative After Bank Rating Actions

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OVERVIEW

- On Nov. 29, 2011, we took rating actions on 37 of the largest rated banks following the application of our revised bank criteria. We subsequently took further rating actions on several banks as a result of applying our new criteria.
- On Dec. 7 and 8, 2011, we placed on CreditWatch negative several European banks and 35 eurozone public finance entities following the CreditWatch negative placement of our sovereign ratings on 15 eurozone members on Dec. 5, 2011.
- Consequently, we have placed on CreditWatch negative our ratings on 305 tranches in 120 European RMBS transactions, due to a direct ratings link that we consider to exist between the ratings on the tranches and the rating actions on the related counterparties, based on the application of our 2010 counterparty criteria.

LONDON (Standard & Poor's) Dec. 21, 2011--Standard & Poor's Ratings Services today placed on CreditWatch negative its credit ratings on 305 tranches in 120 European residential mortgage-backed securities (RMBS) transactions.

For the full list of today's CreditWatch negative placements, see "European RMBS CreditWatch Placements Linked To Recent Bank Rating Actions--Dec. 21, 2011 ."

Today's CreditWatch placements follow the rating actions we took on banks on Nov. 29, 2011, as a result of applying our new ratings criteria for banks (see "Standard & Poor's Applies Its Revised Bank Criteria To 37 Of The Largest Rated Banks And Certain Subsidiaries").

In addition to these rating actions, on Dec. 5, we placed on CreditWatch negative our ratings on 15 members of the European Economic and Monetary Union (EMU or eurozone) (see "Standard & Poor's Puts Ratings On Eurozone Sovereigns On CreditWatch With Negative Implications"). After applying our revised bank criteria, the sovereign CreditWatch negative placements resulted in the CreditWatch negative placement of our ratings on several European banks and 35 eurozone public finance entities on Dec. 7 and 8 (see "Standard & Poor's Places Several Large Bank Groups Across The Eurozone On CreditWatch Negative," "Ratings On 35 Eurozone Public Finance Entities On CreditWatch With Negative Implications Following Sovereign Actions," and "Ratings On 15 Spanish Banks Placed On CreditWatch Negative Following Similar Rating Action On Spain").

The RMBS tranches affected have what we consider to be a direct ratings link to the rating on one of the affected banks acting as a counterparty in these transactions, as per our 2010 counterparty criteria (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

On Dec. 6, 2011, we published an article titled "S&P Reviews Rating Impact Of Revised Bank Ratings On Structured Finance Transactions." in this article, we indicated that in some transactions where a tranche rating is linked directly to the rating on a downgraded bank, we would begin taking rating actions (including CreditWatch placements where appropriate) as soon as possible following the bank downgrades. We also noted that we would be considering the impact of the bank downgrades during remedy periods.

For the ratings on the RMBS tranches that we have placed on CreditWatch negative today, in general, either documented remedy periods have already expired and there has been no remedy, or remedy triggers have not been breached and therefore the transaction documents do not require a replacement. For these reasons, we have concluded that there is a more than 50% chance that these tranches may face rating downgrades.

Some of the tranches affected by today's rating actions are already on CreditWatch negative for other reasons; these tranches remain on CreditWatch negative for the reasons stated above, in addition to those already published for respective tranches.

We will resolve these European RMBS CreditWatch placements once we have reviewed the transactions, and, for those tranches indirectly affected by it, once we have resolved the sovereign CreditWatch negative placements.

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 Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

- European RMBS CreditWatch Placements Linked To Recent Bank Rating Actions--Dec. 21, 2011, Dec. 21, 2011
- European Structured Finance CreditWatch Placements Following Eurozone Sovereign CreditWatch Placements, Dec. 9, 2011
- Ratings On 15 Spanish Banks Placed On CreditWatch Negative Following Similar Rating Action On Spain, Dec. 8, 2011
- Standard & Poor's Places Several Large Bank Groups Across The Eurozone On CreditWatch Negative, Dec. 7, 2011
- S&P Reviews Rating Impact Of Revised Bank Ratings On Structured Finance Transactions, Dec. 6, 2011
- Standard & Poor's Puts Ratings On Eurozone Sovereigns On CreditWatch With Negative Implications, Dec. 5, 2011
- Standard & Poor's Applies Its Revised Bank Criteria To 37 Of The Largest Rated Banks And Certain Subsidiaries, Nov. 29, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

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.

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