

# S&P Resolves 207 European RMBS Counterparty-Related CreditWatch Negative Placements

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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.
- We placed 427 tranches in 163 RMBS transactions on CreditWatch negative as a result of these bank rating actions, where we considered there to be a direct ratings link between the rating on a tranche and the rating actions on the related counterparties, based on the application of our 2010 counterparty criteria.
- We have today lowered our ratings on tranches where we consider there to be a direct ratings link and where no resolution has been finalized (or no definitive plan has been presented to us).
- We have thus lowered our ratings on 174 tranches in 59 European RMBS transactions and affirmed our ratings on 29 tranches in 14 transactions, where the counterparty plays a material role in supporting the ratings in the transaction.
- Of the downgraded tranches, we have kept our ratings on 95 tranches in 24 transactions on CreditWatch negative, either in relation to our U.K. RMBS criteria, or where we have not received confirmation that the relevant counterparties are posting collateral.
- For four tranches in two transactions, the ratings are no longer on CreditWatch negative for counterparty-related reasons. However, our ratings on these tranches remain on CreditWatch negative in relation to

our U.K. RMBS criteria.

LONDON (Standard & Poor's) Feb. 21, 2012--Standard & Poor's Ratings Services today lowered its credit ratings on 174 tranches in 59 European residential mortgage-backed securities (RMBS) transactions. Of the downgraded tranches, we removed from CreditWatch negative our ratings on 79 tranches in 35 transactions and kept on CreditWatch negative our ratings on 95 tranches in 24 transactions. At the same time, we affirmed and removed from CreditWatch negative our ratings on 29 tranches in 14 transactions.

For the full list of today's rating actions, see "Ratings List Resolving European RMBS Counterparty-Related CreditWatch Negative Placements--Feb. 21, 2012."

Today's rating actions resolve a number of CreditWatch negative placements on European RMBS tranches, which resulted from 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").

We placed on CreditWatch negative our ratings on all European RMBS tranches where we considered there 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, and "Counterparty And Supporting Obligations Update," published on Jan. 13, 2011).

On Dec. 21, 2011, we placed 305 tranches in 120 European RMBS transactions on CreditWatch negative (see "Ratings On 305 Tranches In 120 European RMBS Transactions Placed On CreditWatch Negative After Bank Rating Actions"), and on Feb. 7, 2012, we placed a further 122 tranches in 43 European RMBS transactions on CreditWatch negative (see "122 Ratings In 43 European RMBS Transactions Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period").

In assessing the effect of any bank downgrades on our structured finance ratings, we apply our 2010 counterparty criteria.

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 we would be considering the impact of the bank downgrades during remedy periods.

Today's rating actions resolve the CreditWatch placements on tranches where we consider there to be a direct ratings link between the rating on the tranche and the rating on the related counterparty, where no resolution has been provided (or no definitive plan presented to us), and where the remedy periods have expired following a breach of a documented trigger.

We have today lowered and removed from CreditWatch negative our ratings on 79

tranches in 35 transactions, affirmed and removed from CreditWatch negative our ratings on 29 tranches in 14 transactions, and lowered and kept on CreditWatch negative our ratings on 95 tranches in 24 transactions.

We have kept tranches on CreditWatch negative where the rating on the tranche is linked to the rating on a swap counterparty and documented collateral posting triggers have been breached, and we have not received confirmation that the counterparty is posting collateral.

Some of the tranches affected by today's rating actions were already on CreditWatch negative in relation to our U.K. RMBS criteria; these tranches remain on CreditWatch negative.

We have not resolved the counterparty-related CreditWatch placements on tranches in transactions for which we have received a definitive plan that documentation will be amended so as to comply with our 2010 counterparty criteria, or where we do not have sufficient information to resolve the CreditWatch.

For four tranches in two transactions, where we consider there to be a direct ratings link between the rating on the tranche and the rating on the related counterparty, and where we have affirmed the rating on the related counterparty, the ratings on these tranches are no longer on CreditWatch negative for counterparty-related reasons. However, our ratings on these tranches remain on CreditWatch negative in relation to our U.K. RMBS criteria.

#### 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

- Ratings List Resolving European RMBS Counterparty-Related CreditWatch Negative Placements--Feb. 21, 2012, Feb. 21, 2012
- 122 Ratings In 43 European RMBS Transactions Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Periods, Feb. 7, 2012
- Ratings On 305 Tranches In 120 European RMBS Transactions Placed On CreditWatch Negative After Bank Rating Actions, Dec. 21, 2011
- S&P Reviews Rating Impact Of Revised Bank Ratings On Structured Finance Transactions, Dec. 6, 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

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