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Ratings Lowered On 45 European RMBS Tranches After RBS Downgrade, 33 Tranches Placed On CreditWatch Negative

Surveillance Credit Analyst:

James Page, London 0207 716 3277; james.page@standardandpoors.com

Secondary Contact:

Elton Eakins, London (44) 20-7176-3698; elton.eakins@standardandpoors.com

OVERVIEW

- On Nov. 7, 2013, we lowered to 'A-/A-2' from 'A/A-1' our long- and short-term issuer credit ratings on The Royal Bank of Scotland.
- Consequently, we have taken various rating actions on 78 European RMBS tranches in 23 transactions where, under our current counterparty criteria, we consider that a direct link exists between our ratings on the tranches and our ratings on The Royal Bank of Scotland.

LONDON (Standard & Poor's) Nov. 25, 2013--Standard & Poor's Ratings Services today took various credit rating actions on 78 tranches in 23 European residential mortgage-backed securities (RMBS) transactions.

Specifically we have:

- Lowered our ratings on 45 tranches; and
- Placed on CreditWatch negative our ratings on 33 tranches.

For the full list of today's rating actions, see "S&P's Ratings List For 78 European RMBS Tranches After RBS Downgrade--Nov. 25, 2013".

Today's rating actions follow our Nov. 7, 2013 lowering of our long- and short-term issuer credit rating (ICR) on The Royal Bank of Scotland PLC to

'A-/A-2' from 'A/A-1' (see "Royal Bank of Scotland Ratings Lowered To 'A-/A-2' On Extended Restructuring; Outlook Negative").

Our current counterparty criteria allow us to rate a tranche above the ICR on a counterparty if a replacement framework exists and if other conditions are met (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

The replacement frameworks in these transactions, for the relevant counterparty roles, do not comply with our current counterparty criteria. Therefore, our current counterparty criteria establish a direct link between our ratings on the affected RMBS tranches and our ICR on The Royal Bank of Scotland. As such, we have taken various rating actions in line with these direct ratings links.

For those tranches where we have placed our ratings on CreditWatch negative, either the effect of the downgrade of The Royal Bank of Scotland may be remedied by its replacement with a counterparty that has a minimum eligible counterparty rating under the transaction documents, or further analysis is required to ascertain if the direct rating link is still applicable. We will evaluate the potential impact of the The Royal Bank of Scotland downgrade on these tranches and expect to complete our review within the next 90 days.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-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 Standard & Poor's 17g-7 Disclosure Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P's Ratings List For 78 European RMBS Tranches After RBS Downgrade--Nov. 25, 2013, Nov. 25, 2013
- Royal Bank of Scotland Ratings Lowered To 'A-/A-2' On Extended Restructuring; Outlook Negative, Nov. 7, 2013
- 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

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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