

## Rating Actions Taken On 41 Tranches In 21 Spanish RMBS Transactions Following Rating Actions On Counterparties

**Surveillance Credit Analyst:**

Marisa Gomez, Madrid (34) 91-788-7208; marisa\_gomez@standardandpoors.com

**Secondary Contacts:**

Soledad Martinez-Tercero, Madrid (34) 91-3896-954; soledad\_martinez-tercero@standardandpoors.com

Virginie Couchet, Madrid (34) 91-389-6959; virginie\_couchet@standardandpoors.com

### OVERVIEW

- At the end of 2011, we took rating actions on several Spanish banks following the application of our revised bank criteria and the CreditWatch negative placement of the Kingdom of Spain.
- As a consequence of those rating actions, on Dec. 21, and Dec. 23, 2011, we placed on or kept on CreditWatch negative our ratings on 60 tranches in 34 Spanish RMBS transactions, due to the existing link between those tranches and the downgraded counterparties.
- On Feb. 13, 2012, we resolved most of the CreditWatch placements of the ratings on the Spanish banks, and in all cases lowered the ratings.
- We have today taken rating actions on 41 tranches in 21 Spanish RMBS transactions, where there is 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, or for credit reasons. Of these rating actions, one was a downgrade to 'D (sf)' following a default of a class issued to fund a reserve fund.
- After today's rating actions, our ratings on 33 tranches in 19 transactions remain on CreditWatch negative. Either remedy actions have not been finalized yet, they have substantial support under our 2010 counterparty criteria, or we are finalizing our assessment of the effect that the bank downgrades may have on the transactions.

MADRID (Standard & Poor's) Feb. 23, 2012--Standard & Poor's Ratings Services

today took various credit rating actions on 41 tranches in 21 Spanish residential mortgage-backed securities (RMBS) transactions.

Specifically, we:

- Lowered and removed from CreditWatch negative our ratings on 15 tranches in seven transactions;
- Lowered and kept on CreditWatch negative our ratings on four tranches in two transactions;
- Lowered our ratings on 19 tranches in 11 transactions;
- Placed on CreditWatch negative our ratings on two tranches in two transactions; and
- Lowered our ratings on one tranche in one transaction due to a interest default on the last payment date.

For the full list of today's rating actions, see "List Of Spanish RMBS Counterparty-Related Rating Actions--Feb. 23, 2012."

On Dec. 21, and Dec. 23, 2011, we placed 60 tranches in 34 Spanish RMBS transactions on CreditWatch negative due to either the downgrade of a counterparty involved, or to the fact that the remedy period had not elapsed (see "Ratings On 305 Tranches In 120 European RMBS Transactions Placed On CreditWatch Negative After Bank Rating Actions," published on Dec. 21, 2011, and "Ratings On 43 Tranches In 26 Spanish RMBS Transactions Placed Or Kept On CreditWatch Negative After Bank Rating Actions," published on Dec. 23, 2011).

On Feb. 13, 2012, we resolved the CreditWatch placement of most of the ratings on the Spanish banks and we further downgraded these counterparties.

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

Today's rating actions partially resolve the CreditWatch placements we made in December 2011. We have lowered and removed from CreditWatch negative our ratings on 15 tranches in seven Spanish RMBS transactions, where we consider there to be a direct ratings link between the rating on the tranche and the rating on the related counterparty.

We have lowered our ratings on four tranches in two transactions due to counterparty reasons and kept them on CreditWatch negative for credit reasons. We are assessing the credit quality of these transactions and expect to resolve the CreditWatch placements during the next month.

Today we have also lowered our ratings on 19 tranches in 11 transactions, due to the most recent bank rating actions that have resulted in additional tranches being linked to the rating on the related counterparty. In addition, where a direct support exposure has appeared in these tranches, we have placed our ratings on two tranches in two transactions on CreditWatch negative.

Finally, we have lowered our rating to 'D (sf)' on one tranche that was used at closing to fund the reserve fund, which partially defaulted on the last payment date.

After today's rating actions, 33 tranches in 19 transactions remain on CreditWatch negative. Either remedy actions have not been finalized, or we are completing our assessment of the effect that the bank downgrades may have on the transactions.

#### 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

- List Of Spanish RMBS Counterparty-Related Rating Actions--Feb. 23, 2012, Feb. 23, 2012
- Ratings On 43 Tranches In 26 Spanish RMBS Transactions Placed Or Kept On CreditWatch Negative After Bank Rating Actions, Dec. 23, 2011
- 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
- Request For Comment: Counterparty And Supporting Obligations Methodology And Assumptions--Expanded Framework, Nov. 21, 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

#### **Additional Contact:**

Structured Finance Europe; [StructuredFinanceEurope@standardandpoors.com](mailto:StructuredFinanceEurope@standardandpoors.com)

Copyright © 2012 by Standard & Poor's Financial Services LLC. All rights reserved.

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 Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P 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 (negligent or otherwise), 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 or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. 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 does not act as a fiduciary or an investment advisor except where registered as such. 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.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

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 nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain 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](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://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](http://www.standardandpoors.com/usratingsfees).