



Fitch Revises Outlooks on Spanish Structured Finance Transactions to Stable

Fitch Ratings-London/ Madrid -08 November 2013: Fitch Ratings has revised the Outlook on 113 tranches of 85 structured finance (SF) transactions that are capped by the sovereign rating of Spain to Stable from Negative and affirmed their ratings.

The rating actions follow the revision of the Outlook on Spain to Stable from Negative and affirmation of the IDR at 'BBB' (see 'Fitch Revises Spain's Outlook to Stable; Affirms at 'BBB' dated 1 November 2013). A full list of rating actions and affected tranches is available at www.fitchratings.com or by clicking the link above.

KEY RATING DRIVERS

The Outlook revision applies to the majority of tranches subject to Fitch's ratings cap for SF transactions for Spain. Fitch has maintained the five-notch differential between the sovereign IDR and the highest achievable SF ratings. The ratings cap reflects the agency's concerns that the weak sovereign increases the likelihood of extreme macro-economic events that could undermine the performance of the securitisations.

For RMBS transactions in particular, the Negative Outlook on the 'AA-sf' rated tranches also reflected the uncertainty associated with changes to the mortgage enforcement framework. In the analysis of the tranches rated up to the 'AA-sf' cap, Fitch assessed the recovery prospects on existing and future defaults across deals and found that the level of credit enhancement available to the 70 tranches of Spanish RMBS was sufficient to withstand prolonged periods of stress and for this reason revised the Outlook on these tranches to Stable.

In addition, two tranches are directly linked to the rating of Spain due to a direct guarantee provided by the sovereign.

RATING SENSITIVITIES

The ratings of these tranches remain principally exposed to the sovereign and SF rating cap for transactions rated in Spain.

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