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

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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.

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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

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