



Ratings On 100 Tranches In 33 European SME CLO Transactions Placed On CreditWatch Negative Following Criteria Update

Surveillance Credit Analyst:

Emanuele Tamburrano, London (44) 20-7176-3825; emanuele_tamburrano@standardandpoors.com

Analytical Manager:

Matthew Jones, London (44) 20-7176-3591; matthew_jones@standardandpoors.com

OVERVIEW

- On Jan. 10, 2013, we updated our methodology and assumptions for rating European SME CLO transactions.
- Today, the updated criteria became effective.
- Based on our analysis under the updated criteria, we have today placed or kept on CreditWatch negative our ratings on 100 tranches in 33 European SME CLO transactions.
- We intend to complete our resolution of today's CreditWatch placements over the next six months.

LONDON (Standard & Poor's) Jan. 17, 2013--Standard & Poor's Ratings Services today placed or kept on CreditWatch negative its credit ratings on 100 tranches in 33 European small and midsize enterprise (SME) collateralized loan obligation (CLO) transactions following an update to its criteria for rating European SME CLO transactions (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013). The updated criteria became effective today.

For the complete list of public ratings affected by today's rating actions, see "List Of European SME CLO CreditWatch Placements At Jan. 17, 2013 Following European SME CLO Criteria Update." (Watch the related Credit Matters TV segment titled "S&P Introduces New European SME CLO Criteria," dated Jan. 17, 2013.)

Our updated European SME CLO criteria address the "credit quality of the securitized assets" and "payment structure and cash flow mechanics" principles described in "Principles Of Credit Ratings," published on Feb. 16, 2011.

These criteria apply to CLOs backed by granular and well-diversified pools of loans to European SMEs. They apply to both cash flow and synthetic structures, to the extent set out in the criteria.

In addition, the originator's internal SME scoring system is used as a building block in our rating analysis. Therefore, the criteria apply where such an internal tool exists and has ranking power we consider suitable for conducting the analysis described in the criteria. Based on the criteria, the originators may be required to provide additional data in order to determine the average portfolio assessment.

Due to the uncertainty surrounding availability and timing of data and based on our experience of outstanding transactions, we adopted a set of standard assumptions to assess the credit quality of securitized pools.

Consequently, we have placed or kept on CreditWatch negative our ratings on transactions where we believe there is at least a one-in-two chance that ratings on the transaction will be lowered, following the application of our updated criteria.

The CreditWatch placements affect approximately 33.6% (by number) of the European SME CLO tranches that we currently rate.

We intend to complete our resolution of today's CreditWatch placements over the next six months.

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 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

Related Criteria

- European SME CLO Methodology And Assumptions, Jan. 10, 2013

- Principles Of Credit Ratings, Feb. 16, 2011
- Update To Global Methodologies And Assumptions For Corporate Cash Flow And Synthetic CDOs, Sept. 17, 2009
- Standard & Poor's Rating Methodology for CLOs Backed by European Small- and Midsize-Enterprise Loans, Jan. 30, 2003

Related Research

- List Of European SME CLO CreditWatch Placements At Jan. 17, 2013 Following European SME CLO Criteria Update, Jan. 17, 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 Contacts:

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

Barbara Florian, Milan (39) 02-72111-265; barbara_florian@standardandpoors.com

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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