

S&P Resolves 39 European Structured Finance Counterparty Criteria CreditWatch Placements (May 27, 2011 Review)

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OVERVIEW

- Today's rating actions reflect the application of our updated counterparty criteria for structured finance transactions.
- As a result, we have lowered, affirmed, or left on CreditWatch negative our ratings on 59 tranches in 20 transactions, including some ratings not previously on CreditWatch for counterparty reasons.

LONDON (Standard & Poor's) May 27, 2011--Standard & Poor's Ratings Services today took various rating actions on 59 European structured finance tranches, including resolving 39 tranches on CreditWatch negative for counterparty reasons.

Specifically, we have taken the following ratings actions:

- We have lowered and removed from CreditWatch negative our credit ratings on 16 tranches in eight transactions.
- We have affirmed our ratings on 28 tranches in 13 transactions and, of these, have removed from CreditWatch negative our ratings on 17 tranches.
- We have placed on CreditWatch negative, placed on CreditWatch positive,

or left on CreditWatch negative our ratings on 12 tranches.

- We have withdrawn our ratings on three tranches in three transactions as they were no longer outstanding.

Today's rating actions generally reflect the application of our updated counterparty criteria for structured finance transactions (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010). For the full list of today's rating actions see "Ratings List Resolving European Structured Finance Counterparty CreditWatch Placements-May 27, 2011 Review."

We lowered our ratings on the downgraded tranches because:

- The transaction documents do not fully reflect our updated criteria, but do reflect our prior counterparty criteria. Therefore, as per our updated criteria, we have lowered the tranche rating to a ratings floor that is one rating level above the issuer credit rating (ICR) on the lowest-rated counterparty;
- The transaction documents do not fully reflect our updated criteria, but do meet certain requirements to achieve a rating higher than the ratings floor. Based on our analysis, we have adjusted the maximum potential rating the tranche can achieve, as described in our updated counterparty criteria, and then lowered the rating accordingly;
- The transaction documents do not reflect our updated criteria, and, in our opinion, have a weak replacement framework such that the tranche rating doesn't qualify for one notch above the ICR on the lowest-rated counterparty. Therefore, we have lowered the rating to the ICR level; or
- The documentation related to derivatives does not reflect our updated criteria, so we conducted our cash flow analyses assuming that the transactions do not benefit from any support under the swaps. After conducting these cash flow analyses, we concluded that the current tranche ratings could not be maintained.

We have affirmed tranches that were on CreditWatch for counterparty reasons because:

- We have received evidence of legally binding agreements that reflect our updated criteria;
- We have applied our updated counterparty criteria with the appropriate notching for variants and, in our opinion, the counterparties participating in the transaction have a sufficiently high rating for us to affirm the current rating on the tranche; or
- The documentation related to derivatives does not reflect our updated criteria, so we conducted a cash flow analysis assuming that the swap does not exist. This indicated that the current ratings could be maintained.

We have taken some rating actions on tranches that we did not previously place on CreditWatch negative for counterparty reasons. However, they are included here because they are classes of notes in a transaction where we placed at least one other class on CreditWatch for counterparty reasons. Following a review of the performance of these classes and the rating on the

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counterparties, we have affirmed the ratings on 11 tranches.

We will continue to review the remaining transactions that we placed on CreditWatch negative on Jan. 18 (see "EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria"), and we intend to resolve all of these CreditWatch placements by the transition date of July 18, 2011.

RELATED CRITERIA AND RESEARCH

- Ratings List Resolving European Structured Finance Counterparty CreditWatch Placements—May 27, 2011 Review, May 27, 2011
- Global Methodology For Rating Interest-Only Securities, April 15, 2010
- Request for Comment: Covered Bonds Counterparty And Supporting Obligations Methodology And Assumptions, March 23, 2011
- EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria, Jan. 18, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Standard & Poor's Updates Counterparty And Supporting Obligations Criteria, Reviews Application To Covered Bonds, Jan. 13, 2011
- CreditWatch Placements Likely Following Application Of New Counterparty Criteria To European Structured Finance, Dec. 23, 2010
- Credit FAQ: Standard & Poor's Explains Process For Applying Updated Counterparty Criteria, Dec. 14, 2010
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Recent Global Financial Disruption Reinforces Counterparty Risk As A Key Securitization Exposure, Nov. 4, 2010
- General Criteria: Understanding Standard & Poor's Rating Definitions, June 3, 2009

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Ratings List Resolving European Structured Finance Counterparty CreditWatch Placements—May 27, 2011 Review

On Jan. 18, 2011, our criteria for assessing counterparty risk (see "Counterparty And Supporting Obligations Methodology And Assumptions") became effective. On that day, we placed or kept on CreditWatch negative certain affected EMEA structured finance ratings (see "EMEA Structured Finance CreditWatch Actions In Connection With Revised Counterparty Criteria").

This is one of our periodic reviews of affected EMEA tranches. In this report we have lowered, affirmed, or left on CreditWatch negative our ratings on 59 tranches in 20 transactions, including some ratings not previously on CreditWatch for counterparty reasons.

The tables below provide the transaction names, series, and ratings for the affected EMEA transactions. For the related media release, see "S&P Resolves 39 European Structured Finance Counterparty Criteria CreditWatch Placements (May 27, 2011 Review)."

Tables 1 to 4 provide the details of the affected tranches by asset class. Note that this review doesn't include CMBS or structured credit transactions. Table 5 provides further detail of the reasons for today's actions.

EMEA: ABS: List Of Rating Actions

Table 1

EMEA: ABS: List Of Rating Actions									
Issuer	Issue description	Series (if applicable)	Class (if applicable)	Rating to	Rating from	Collateral type/segment	CUSIP	ISIN	Reason
BBVA Consumo 1 Fondo de Titulizacion de Activos	EUR1.5 bil floating-rate asset-backed notes		A	AA+ (sf)	AAA (sf)/Watch Neg	ABS Consumer-Other	-	ES0333763003	Run without swap
BBVA Consumo 2 Fondo de Titulizacion de Activos	EUR1.5 bil floating-rate asset-backed notes		A	AA+ (sf)	AAA (sf)/Watch Neg	ABS Consumer-Other	-	ES0313956007	Run without swap
BBVA Empresas 1, Fondo de Titulizacion de Activos	EUR1.45 bil floating-rate notes		A1	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0313820005	Run without swap
BBVA Empresas 1, Fondo de Titulizacion de Activos	EUR1.45 bil floating-rate notes		A2	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0313820013	Run without swap
BBVA Empresas 1, Fondo de Titulizacion de Activos	EUR1.45 bil floating-rate notes		A3	AAA (sf)	AAA (sf)	ABS Small Business Loan-Amortizing	-	ES0313820021	Run without swap

Table 1

EMEA: ABS: List Of Rating Actions (cont.)									
BBVA-3 FTPYME, Fondo de Titulizacion de Activos	EUR1 bil floating-rate notes		A2 (G)	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0310110012	Run without swap
BBVA-4 PYME Fondo de Titulizacion de Activos	EUR1.25 bil mortgage-backed floating-rate notes		A2	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0370458012	Run without swap
BBVA-8 FTPYME Fondo de Titulizacion de Activos	EUR1.1 bil floating-rate notes		A1	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0370462006	Run without swap
BBVA-8 FTPYME Fondo de Titulizacion de Activos	EUR1.1 bil floating-rate notes		A2(G)	AAA (sf)	AAA (sf)/Watch Neg	ABS Small Business Loan-Amortizing	-	ES0370462014	Run without swap
GAMMA Sociedade de Titularizacao de Creditors SA	EUR411.189 mil asset-backed floating rate notes (of which A€28.7 million subordinated notes)	ATLANTES FINANCE No 3	A	AA- (sf)	AA- (sf)/Watch Neg	ABS Consumer-Other	-	XS0527225196	In line with criteria
Madrid Consumo II	EUR625 mil floating rate notes		A	AA- (sf)	AAA (sf)/Watch Neg	ABS Consumer-Other	-	ES0358893008	Application of criteria
Sagres Sociedade de Titularizacao de Creditos S.A	EUR206.1 mil asset-backed floating-rate notes and subordinated notes (Chaves Funding No.5)	CHAVES FUNDING NO.5	A	AA- (sf)	AA- (sf)/Watch Neg	ABS Auto Leases	-	XS0405712646	In line with criteria

EMEA: CMBS: List Of Rating Actions

Table 2

EMEA: CMBS: List Of Rating Actions										
Issuer	Issue description	Series (if applicable)	Class (if applicable)	Rating to	Rating from	Collateral type/segment	CUSIP	ISIN	Reason	If linked to ICR, name of counterparty
Not applicable										

EMEA: RMBS: List Of Rating Actions