

## Various Rating Actions On 38 Italian, Spanish, And Portuguese ABS Tranches Following Application Of Updated Criteria

Publication date: 19-Dec-2014 11:43:33 EST

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### OVERVIEW

- We have reviewed 28 Italian, Spanish, and Portuguese ABS transactions by applying our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating and our sector-specific criteria.
- Following our review, and our recent lowering of our unsolicited long- and short-term sovereign credit ratings on Italy, we have lowered our ratings on 18 tranches, affirmed our ratings on 18 tranches, and raised our ratings on two tranches.

FRANKFURT (Standard & Poor's) Dec. 19, 2014--Standard & Poor's Ratings Services today took various credit rating actions on 38 classes of notes in 28 Italian, Spanish, and Portuguese asset-backed securities (ABS) transactions.

Specifically, we have:

- Lowered our ratings on 16 classes of notes in 15 Italian transactions and on two classes of notes in one Spanish transaction;
- Affirmed our ratings on 10 classes of notes in nine Italian transactions, on six classes of notes in four Spanish transactions, and on two classes of notes in two Portuguese transactions; and
- Raised our ratings on two classes of notes in two Portuguese transactions (see list below).

Upon publishing our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "[EMEA Structured Finance, Covered Bond, And Multicedulas Ratings Placed Under Criteria Observation](#)," published on Sept. 18, 2014, and "[Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance](#)," published on Sept. 19, 2014).

Following our review of these transactions, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our review of these transactions under our RAS criteria and our sector-specific criteria (see "Related Criteria"). Today's rating actions on the Italian transactions also take into account our recent lowering of our unsolicited long- and short-term sovereign credit ratings on the Republic of Italy (see "[Ratings On Italy Lowered To 'BBB-/A-3'; Outlook Stable](#)," published on Dec, 5, 2014).

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so pay timely interest and repay principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for ABS as 'moderate'. Under our RAS criteria, these transactions' notes can therefore be rated up to

four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a "severe" stress (see "[Understanding Standard & Poor's Rating Definitions](#)," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Where all six of the conditions in paragraph 48 of the RAS criteria are met, we can assign ratings to the senior-most tranche in a transaction up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an extreme stress.

If all--except the seasoning requirement--of the conditions in paragraph 48 of the RAS criteria are met, we can assign ratings to the senior-most tranche in a transaction up to a maximum of five notches (one additional notch of uplift) above the sovereign rating, again subject to credit enhancement being sufficient to pass an extreme stress.

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap at 'AA (sf)' the maximum potential rating on the senior-most tranche in the Spanish transactions. The maximum potential rating for all other classes of notes in the Spanish transactions is 'A+ (sf)'.

As our unsolicited long-term rating on the Republic of Portugal is 'BB', our RAS criteria cap at 'A (sf)' the maximum potential rating on the senior-most tranche in the Portuguese transactions. The maximum potential rating for all other classes of notes in the Portuguese transactions is 'BBB+ (sf)'.

We have recently lowered to 'BBB-' from 'BBB' our unsolicited long-term sovereign credit rating on Italy. Therefore, our RAS criteria now cap the maximum potential rating on the senior-most tranche in the Italian transactions at 'AA- (sf)'. The maximum potential rating for all other classes of notes in the Italian transactions is 'A (sf)'.

Following the application of our RAS criteria and our sector-specific criteria, we have determined that our assigned rating on each class of notes in these transactions should be the lower of (i) the rating as capped by our RAS criteria and (ii) the rating that the class of notes can attain under our sector-specific criteria.

Where we have lowered our ratings on Italian and Spanish tranches, we have done so due to the ratings being capped by the application of our RAS criteria.

Where we have affirmed our ratings on Italian, Spanish, and Portuguese tranches, we have done so as the application of our RAS criteria did not introduce a new ratings cap for these tranches and there have not been any other material changes to the risk profile since our previous review.

We have raised our ratings on the Portuguese tranches to the level at which they are capped by the application of our RAS criteria.

#### 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