

FITCH UPGRADES 10 DUTCH RMBS TRANCHES; OUTLOOKS REVISED

Fitch Ratings-London-08 August 2007: Fitch Ratings has today upgraded 10 and affirmed 45 tranches of certain Dutch RMBS transactions, following a satisfactory performance review. Rating Outlooks for several tranches have been revised.

The number of upgrades reflects the continued strong performance of the transactions in H206 and in 2007 to date. The more seasoned deals have experienced a healthy growth in credit enhancement due to the sequential pay-down of the notes.

All of the Dutch transactions reviewed here, with the exception of Holland Euro-Denominated Mortgage Backed Series I B.V. and PEARL Mortgage Securities I B.V., benefit from additional excess spread through the swap agreements they have. This additional excess spread provided is used to absorb losses, top up the reserve fund and provide liquidity support to the transaction, thus providing further security.

There has been an improvement in the performance of the Holland Euro-Denominated Mortgage Backed Series (Hermes) transactions, largely due to a tightening of the arrears management process. For the past three years, SNS Bank N.V. has been working on improving their arrears management process. Two years ago, the decision was made to centralise arrears management. They now have one centralised collection and arrears department with a focus on bringing down delinquencies. They contact the borrower at a very early stage to determine the reason for the delinquency and to estimate whether or not the borrower will become current again or if they have to start foreclosure/private sales procedures. Three month plus arrears currently range between 0.13% in Hermes I B.V. to 1.34% in Hermes IV B.V.

Unlike other Dutch transactions where delinquencies are defined as three months in arrears according to the balance of unpaid amounts, for Hermes transactions, SNS Bank N.V. calculates delinquencies on the basis of the oldest monthly payment missed. Therefore, if a borrower were to miss a payment in June but made payments in July and August, the borrower would be considered three months delinquent, as the oldest missed payment was in June.

PEARL Mortgage Backed Securities I B.V. was SNS Bank's first transaction where all of the loans were under Nationale Hypotheek Garantie (NHG-guarantee). To date, no claims have been made.

Match I (2002-I) B.V., originated by ABN AMRO Bank N.V., has continued to show strong performance since its last review. Class C notes are being paid as per schedule.

Fitch employed its credit cover multiple methodology in reviewing the deals to assess the level of credit support available to each class of notes.

The rating actions are as follows:

Holland Euro-Denominated Mortgage-Backed Series (Hermes) I B.V.

Class A3 (ISIN XS0103809876): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0103963798): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0103964093): upgraded to 'AA-' (AA minus) from 'A+', Outlook revised to Positive from Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) II B.V.:

Class A (ISIN XS0119563350): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0119563608): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0119564085): upgrade to 'AA-' (AA minus) from 'A+', Outlook revised to Positive from Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) III B.V.:

Class A (ISIN XS0131514746): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0131515040): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0131515719): upgraded to 'A' from 'A-' (A minus), Outlook revised to Positive from Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) IV B.V.:

Class A (ISIN XS0138211783): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0138211270): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0138210389): upgraded to 'A' from 'A-' (A minus), Outlook revised to Positive from Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) V B.V.:

Class A (ISIN XS0157783936): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0157784074): upgraded to 'AAA' from 'AA+', Outlook revised to Stable from Positive

Class C (ISIN XS0157784660): affirmed at 'A', Outlook revised to Positive from Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) VI B.V.:

Class A2 (ISIN XS0168101425): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0168102662): upgraded to 'AAA' from 'AA+', Outlook revised to Stable from Positive

Class C (ISIN XS0168103041): affirmed at 'A-' (A minus), Outlook revised to Positive from Stable

Holland Mortgage-Backed Series (Hermes) VII B.V.:

Class A1 (ISIN XS0177871950): affirmed at 'AAA', Outlook Stable

Class A2 (ISIN XS0168101425): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0168102662): upgraded to 'A+' from 'A', Outlook revised to Positive from Stable

Class C (ISIN XS0168103041): affirmed at 'BBB', Outlook revised to Positive from Stable

Holland Mortgage-Backed Series (Hermes) VIII B.V.:

Class A (ISIN XS0192997756): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0192997830): affirmed at 'A', Outlook revised to Positive from Stable

Class C (ISIN XS0192997913): affirmed at 'BBB', Outlook revised to Positive from Stable

Holland Mortgage-Backed Series (Hermes) IX B.V.:

Class A (ISIN XS0212183833): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0212184567): affirmed at 'AA', Outlook Stable

Class C (ISIN XS0212185291): affirmed at 'A', Outlook Stable

Class D (ISIN XS0212185531): affirmed at 'BBB', Outlook Stable

Class E (ISIN XS0212186000): affirmed at 'BBB-' (BBB minus), Outlook Stable

Holland Mortgage-Backed Series (Hermes) X B.V.:

Class A (ISIN XS0228806245): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0228806674): affirmed at 'AA', Outlook Stable

Class C (ISIN XS0228806831): affirmed at 'A', Outlook Stable

Class D (ISIN XS0228806914): affirmed at 'A-' (A minus), Outlook Stable

Class E (ISIN XS0228807300): affirmed at 'BBB', Outlook Stable

Holland Mortgage-Backed Series (Hermes) XI B.V.:

Class A (ISIN XS0242423589): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0242426251): affirmed at 'AA', Outlook Stable

Class C (ISIN XS0242429602): affirmed at 'A', Outlook Stable

Class D (ISIN XS0242430790): affirmed at 'A-' (A minus), Outlook Stable

Class E (ISIN XS0242432499): affirmed at 'BBB-' (BBB minus), Outlook Stable

Holland Mortgage-Backed Series (Hermes) XII B.V.:

Class A (ISIN XS0271028838): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0271029059): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0271029133): affirmed at 'A', Outlook Stable
Class D (ISIN XS0271029489): affirmed at 'A-' (A minus), Outlook Stable
Class E (ISIN XS0271029562): affirmed at 'BBB-' (BBB minus), Outlook Stable

Provide Lowlands I B.V.:

Class A+ (ISIN XS0188171879): affirmed at 'AAA', Outlook Stable
Class A (ISIN XS0188172091): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0188172687): upgraded to 'AA+' from 'AA', Outlook Positive
Class C (ISIN XS0188173495): affirmed at 'BBB', Outlook revised to Positive from Stable

PEARL Mortgage Backed Securities I B.V.:

Class A (ISIN XS0265250638): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0265252253): affirmed at 'BBB-'(BBB minus), Outlook Stable

Match I (2002-I) B.V.:

Class A1 (ISIN XS0156705336): affirmed at 'AAA', Outlook Stable
Class A2 (ISIN XS0156708785): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0156709080): upgraded to 'AA+' from 'A+', Outlook Positive
Class C (ISIN XS0156709247): upgraded to 'AA' from 'A-'(A minus), Outlook Positive

Rating Outlooks for European Structured Finance tranches provide forward-looking information to the market. An Outlook indicates the likely direction of any rating change over a one- to two-year period. For further information on Rating Outlooks, refer to "Scanning the Horizon - Rating Outlooks in European Structured Finance", dated 1 June 2007 and available on www.fitchratings.com.

Further commentary and performance data on these transactions are available on the agency's subscription website, www.fitchresearch.com.

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