



lico leasing, s.a.

Establecimiento Financiero de Crédito

**COMISIÓN NACIONAL DEL MERCADO DE VALORES
A/A EXMO. SR. PRESIDENTE
C/ Serrano, 47.
28007 MADRID**

Madrid, a 24 de Septiembre de 2009

Muy Sr. mío:

Le comunicamos a los efectos oportunos que el rating de la Compañía ha sido fijado por parte de Moody's Investors Service en Baa1/P-2.

Le acompañamos el documento de Moody's referenciado.

Quedo a su disposición para cualquier aclaración que considere oportuna.

Atentamente,

LICO LEASING, S.A. E.F.C.
-P P-

FDO: MANUEL CARIDAD MUIÑO
Director General



Moody's Investors Service

Rating Action: Moody's downgrades Lico's ratings to Baa1/P-2 from A2/P-1

Global Credit Research - 23 Sep 2009

Madrid, September 23, 2009 -- Moody's Investors Service has today downgraded the long- and short-term deposit ratings of Lico Leasing, S.A., EFC (Lico) to Baa1/P-2 from A2/P-1, concluding the review for possible downgrade initiated on 19 May 2009. The rating outlook is negative.

Maria Cabanyes, Senior Vice President and lead analyst for Lico at Moody's, said: "The downgrade was caused mainly by a combination of three factors, firstly by the potential losses contained in Lico's loan portfolio which in our view weakens its capital adequacy and Lico's overall financial fundamentals. Secondly, by the weakening of the credit quality of the Spanish savings banks sector, which are Lico's ultimate owners, and thus their ability to support Lico in case of need. And thirdly, by the expected consolidation of the Spanish savings banks, which is likely to result in larger entities that could become less reliant on Lico's services."

Commenting on some of the pressures that it is facing, in line with the sharp economic decline in Spain, Lico's business has been suffering from a sharp drop in new business activity as investments and the need for finance leases have declined dramatically-- more than 50%, which is however in line with the sector average. Furthermore, Moody's believes that pressure on asset quality across all asset classes will continue, given the adverse prospects for the Spanish labour market and the rapid adjustment of the economy, especially in the real estate and construction sectors. Asset quality has been deteriorating rapidly with problem loans to total loans increasing to 7.76% in June 2009 from 1.83% in the same period last year. The adverse effect on Lico's earnings and capital levels is exacerbated by the fact that Bank of Spain's strict loan loss provision requirements require problem loans to be 100% covered after 24 months, while recoveries tend to materialize in a longer period of time. In this regards, Lico's existing ratings incorporate our expectation that shareholders, i.e. the savings banks, will continue to ensure that Lico remains sufficiently capitalized.

Noting positive elements that continue to underpin the rating, the rating agency views Lico as a strategic provider of leasing services to the savings banks and therefore its ratings benefit from a high probability of support from its shareholders, in the event of it experiencing financial distress, which underpins the Baa1 ratings and provides a significant uplift to a standalone credit profile that would otherwise be significantly lower. However, Moody's notes that if it perceives a decline in Lico's importance to the savings banks and/or a lower probability of systemic support for the savings banks -- which currently benefit from extraordinary systemic support -- this could lead to a downgrade of Lico's ratings.

The negative outlook on all the ratings reflects Moody's view that Lico could still come under pressure if in this current uncertain environment loss assumptions increase significantly above the rating agency's current expectations or if other factors determining the bank's risk absorption capacity deteriorate to the degree that its capital and earnings are affected.

The last rating action on Lico was on 19 May 2009, when Moody's placed the long- and short-term deposit ratings on review for possible downgrade.

The principal methodology used in rating Lico was Moody's "Bank Financial Strength Ratings: Global Methodology" published in February 2007 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Lico Leasing, S.A., EFC is headquartered in Madrid and reported total assets of EUR 2.3 billion at the end of June 2009.

London
Johannes Wassenberg
Managing Director
Financial Institutions Group