



INTERMONEY TITULIZACIÓN S.G.F.T

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HECHO RELEVANTE
IM GRUPO BANCO POPULAR EMPRESAS 2, FTA

En virtud de lo establecido en el Folleto de Emisión del Fondo de Titulización de Activos de referencia, se comunica el presente hecho relevante:

InterMoney Titulización, S.G.F.T., S.A., ha sido informada de que Fitch Ratings ha rebajado la calificación de los Bonos emitidos por el Fondo en los términos de la nota que se adjunta a esta comunicación.

Madrid, 17 de agosto de 2010.



Tagging Info

Fitch Downgrades IM Grupo Banco Popular Empresas 2, FTA, CDO Notes; Maintains RWN Ratings

13 Aug 2010 11:08 AM (EDT)

Fitch Ratings-London/Madrid-13 August 2010: Fitch Ratings has downgraded IM Grupo Banco Popular Empresas 2, FTA (the fund) CDO notes and maintains them on Rating Watch Negative (RWN). The downgrade reflects the implementation of Fitch's revised SME CDO rating criteria as well as the notification from the originator Banco Popular Espanol (BP, 'A'/Stable/'F1') that it will increase the fully disbursed reserve fund (RF) of this transaction to EUR375.25m from EUR163.75m.

The rating actions are as follows:

Class A notes (EUR2,225m, ISIN ES0349047003) downgraded to 'A' from 'AAA'; remains on RWN; assigned a Loss Severity rating of 'LS-2'

Class B notes (EUR100m, ISIN ES0349047011) downgraded to 'BBB' from 'A'; remains on RWN; assigned a Loss Severity rating of 'LS-5'

Class C notes (EUR175m, ISIN ES0349047029) downgraded to 'BB' from 'BBB-'; remains on RWN; assigned a Loss Severity rating of 'LS-4'

The current ratings are reflective of the credit enhancement (CE) that will result after the EUR211.5m increase to the RF. Had there been no proposed RF increase, the notes are likely to have been downgraded to the below categories, based on the new criteria.

Class A notes (EUR2,225m, ISIN ES0349047003): 'BBB' category

Class B notes (EUR100m, ISIN ES0349047011): 'BB' category

Class C notes (EUR175m, ISIN ES0349047029): 'B' category

Fitch will resolve the RWN once the increase of the RF has been implemented. The increase of the RF is subject to regulatory approval by Comision del Mercado de Valores' (CNMV) approval and expected to be implemented by the first week of September. The resulting credit enhancement (CE) after the RF increase is 26.01% for Class A, 22.01% for Class B, and 15.01% for Class C, compared to the previous levels of 17.55%, 13.55% and 6.55% for Classes A, B and C respectively.

Fitch has placed a rating cap on the notes, due to excessive counterparty exposure to BP as GIC account bank and collection account bank. The cash holdings through the account can accumulate as much as 60% of the notes value in the months prior to the next two payment dates. Fitch expects that in a jump-to-default scenario the cash is likely to be commingled in the insolvency state of BP. Additional counterparty exposure to BP exists through an interest rate swap agreement. As a result, the ratings of the notes cannot exceed the rating of BP with the current transaction structure, irrespective of available CE.

Nevertheless, Fitch acknowledges that a downgrade of BP below 'A'/F1' would trigger a remedial action as per the fund's documentation. The rating cap may be removed if any future remedial action taken by BP eliminates or reduces the excessive counterparty exposure. For more detail on Fitch's assessment of excessive counterparty exposure please see the criteria report 'Counterparty Criteria for Structured Finance Transactions', dated 22 October 2009.

In the analysis of the securitised portfolio Fitch has assigned a 'B' benchmark to the fund's collateral. The ratings capture the expected potential credit quality migration of the assets after the next and last replenishment date in November 2010. The ratings incorporate a forward-looking view on the performance of the underlying portfolio. Future performance is uncertain as past performance has been volatile, as 45% of collateral value will be replenished in next November, and the economic environment remains challenging in Spain.

The notes remain at their original subordination levels because the transaction has not benefited from any deleveraging as it is still in its revolving period. Furthermore, the assets are all unsecured, the portfolio has high obligor concentration, and the largest obligor was recently delinquent.

IM Grupo Banco Popular EMPRESAS 2 is a cash flow securitisation of a EUR2.5bn revolving pool of traditional corporate and SME loans originally granted by six entities of the former Grupo Banco Popular-Banco Popular Espanol

SA, Banco de Andalucia, Banco de Castilla, Banco de Credito Balear, Banco de Galicia and Banco de Vasconia. These entities have been merged into BP.

Applicable Criteria, 'Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLO)', dated 23 July 2009, 'Counterparty Criteria for Structured Finance Transactions', dated 22 October 2009, 'Global Structured Finance Rating Criteria', dated 30 September 2009 and 'Criteria for Structured Finance Loss Severity Ratings', dated 17 February 2009, are available on www.fitchratings.com.

Further information on Fitch's EMEA structured finance offering can be found in "EMEA Structured Finance Snapshot", which is available at www.fitchratings.com. The Snapshot consolidates and highlights the key research and commentary produced by the agency's EMEA structured finance group and includes previously unpublished Fitch data and multimedia content that will be updated each quarter.

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Additional information is available on www.fitchratings.com.

Related Research:

Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLOs) (Europe CDOs)
Counterparty Criteria for Structured Finance Transactions
Global Structured Finance Rating Criteria
EMEA Structured Finance Snapshot: July 2010 (Multimedia)

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