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## **HECHO RELEVANTE –IM PRÉSTAMOS FONDOS CÉDULAS, FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el apartado 4. del Módulo Adicional del Folleto de “IM PRÉSTAMOS FONDOS CÉDULAS, Fondo de Titulización de Activos” (el “Fondo”), se comunica el presente hecho relevante:

- InterMoney Titulización, S.G.F.T., S.A. ha tenido conocimiento de que Moody’s Investors Service (la “**Agencia de Calificación**”) ha rebajado la calificación crediticia de los Bonos de las Series A, B y C emitidos por el Fondo, de “A3” a “Baa2”, de “Ba2” a “B1” y de “B2” a “B3”, respectivamente, en los términos del documento adjunto relativo a lo comunicado en este hecho relevante.
- Por otra parte, InterMoney Titulización, S.G.F.T., S.A. ha tenido conocimiento de que la calificación de la Línea de Liquidez otorgada al Fondo, se mantiene en “Aaa”, en los términos del documento adjunto relativo a lo comunicado en este hecho relevante.

Madrid, 21 de octubre de 2010.

**Rating Action: Moody's downgrades EUR 299.1m CDO Notes of IM Prestamos**

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**Global Credit Research - 21 Oct 2010**

London, 21 October 2010 -- Moody's Investors Service announced today the following rating actions on notes issued by IM Préstamos Fondos Cédulas, FTA.

...EUR344.1M Class A Notes due 2022 (currently EUR 292,456,095.60 outstanding), Downgraded to Baa2 (sf); previously on Dec 30, 2009 Downgraded to A3 (sf)

...EUR6.9M Class B Notes due 2022 (currently EUR 5,729,336.34 outstanding), Downgraded to B1 (sf); previously on Dec 30, 2009 Downgraded to Ba2 (sf)

...EUR0.9M Class C Notes due 2022, Downgraded to B3 (sf); previously on Dec 30, 2009 Downgraded to B2 (sf)

The Aaa rating of the EUR 40 m Liquidity Line remains unchanged.

**RATINGS RATIONALE**

This transaction is a static cash CBO of portions of subordinated loans funding the reserve funds of 11 (at closing 14) Spanish multi-issuer covered bonds (SMICBs) which can be considered as a securitisation of a pool of Cédulas. Each SMICB is indeed backed by a group of Cédulas which are bought by a fund, which in turn issues SMICBs. The Cédulas holders are secured by the issuer's entire mortgage book. The subordinated loans backing the IM Prestamos transaction represent the first loss pieces (as the loans fund the reserve funds) in the respective SMICB structures (or structured cedulas). Therefore, this transaction is exposed to the risk of several Spanish financial institutions defaulting under their mortgage covered bonds (Cédulas)

Moody's said today's rating actions are a result of: (i) primarily, the decline in credit quality of some of the issuers of Cédulas backing the SMICBs, and (ii) as a contributory factor, the deterioration in the quality of the collateral backing the SMICBs.

In reaching its rating decisions, Moody's considers that should a Cédulas issuer default, it is likely that the reserve funds that form the underlying portfolio of IM Prestamos would require to be drawn upon to make good the potential shortfall suffered by the underlying Cédulas holders. The extent of such potential shortfall is dependent on the level of over collateralisation and quality of the issuer's underlying pool. Our analysis indicates that in the light of such potential shortfalls, the credit quality of the reserve funds of the 11 SMICBs that currently form the portfolio of IM Préstamos Fondos Cédulas is more consistent with ratings in a Ba1-A2 range. This compares with a credit quality of Baa2 --A2 for the same reserve funds in December 2009 when IM Prestamos rated notes were last actioned. Of the reserve funds from the 11 SMICBs in the pool, 5 maintained their December 2009 credit quality, 4 have deteriorated by one notch and 2 are worse by 2 and 3 notches respectively.

Moody's undertook a number of sensitivity runs to incorporate (i) a 15% and 30% stress to the default probabilities (DP) of the underlying structured cedulas combined with correlations of c 50% and 60%. In addition, the Cédulas issued by the weakest issuer were stressed by notching their implied rating by 3 notches. In the runs with DP and correlation stress, model outputs for the Classes A/B/C notes were affected by around 0.5 -1 notches from the base case of no DP stress and 50% correlation. The aforementioned 3 notch stress on the cedulas of the weakest issuer resulted in a deterioration of the model output of the three classes of notes in the range of 1-3 notches.

Rating actions taken today are based on a consideration of the above scenarios and other factors including the size and quality of the subordination available to the rated tranches.

Moody's notes that the transaction is exposed to the credit quality of cedulas issued by 41 Spanish financial institutions including many savings banks (cajas). These cajas are involved in a consolidation process that will result in a significant decrease in their number by the year end. Furthermore, this consolidation can take two main forms, one in which participants consolidate in a new legal entity thus aggregating their mortgage pools, and the other in which the participants maintain their legal status and mortgage pools separation while sharing certain resources and functions such as risk and liquidity management. Therefore, there remains a significant degree of uncertainty with regard to the near term outlook for the credit quality of the IM Prestamos transaction portfolio, which will depend on the size and credit quality of the institutions involved and the form of consolidation. Moody's will closely follow the impact of this industry-wide consolidation on the rated notes.

Except as detailed above for the sensitivity runs, underlying Cédulas default probabilities and recovery rates used in our model are in line with Moody's covered bond rating methodology assumptions.

The relatively high credit quality of the reserve funds of SMICBs is largely driven by high recovery rate assumptions on the underlying Cedulas. The ratings of the IM Préstamos Fondos Cédulas, FTA notes are thus sensitive to these recovery rate assumptions.

The principal methodology used in rating IM Prestamos Fondos Cedulas, FTA was "Moody's Approach to Rating Corporate Collateralized Loan Obligations" rating methodology published in August 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

Under this methodology, Moody's relies on a simulation based framework, implemented via CDOROM2.6TM, to generate default and recovery scenarios for each asset in the portfolio and computes the associated loss to each tranche in the structure.

A fuller explanation of the rating methodology used to rate SMICBs and associated items may be found in the paper 'Rating Spanish Multi-Issuer Covered Bonds' published on 14 September 2009.

Moody's Investors Service did not receive or take into account a third party due diligence report on the underlying assets or financial instruments related to the monitoring of this transaction in the past 6 months.

## REGULATORY DISCLOSURES

The rating has been disclosed to the rated entity or its designated agents and issued with no amendment resulting from that disclosure.

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information and confidential and proprietary Moody's Investors Service information.

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Please see ratings tab on the issuer/entity page on [Moody's.com](http://Moody's.com) for the last rating action and the rating history.

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London  
Raja Iyer  
Vice President - Senior Analyst  
Structured Finance Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Paris  
Florence Tadjeddine  
VP - Senior Credit Officer  
Structured Finance Group  
Moody's France SAS  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Moody's Investors Service Ltd.  
One Canada Square  
Canary Wharf  
London E14 5FA  
United Kingdom



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