

Rating Action: Moody's downgrades notes with Spain's guarantee in five Spanish ABS transactions

Global Credit Research - 09 Nov 2011

London, 09 November 2011 -- Moody's Investors Service has today downgraded the sovereign-guaranteed senior notes in five Spanish asset-backed securities (ABS) transactions, all of which are backed by loans to SMEs. This rating action follows the two-notch downgrade of the rating of the government of the Kingdom of Spain to A1 with a negative outlook, from Aa2, and concludes the review of these transactions initiated by Moody's on 29 July 2011 when the government of the Kingdom of Spain's Aa2 rating was placed on review for downgrade (please refer to press release published on moodys.com "Moody's reviews for downgrade notes with Spain's guarantee in seven Spanish ABS transactions"). One transaction remains on review for downgrade.

A full list of affected ratings is detailed at the end of this press release.

RATINGS RATIONALE

Today's rating action reflects the fact that Moody's rates the guaranteed notes in the affected SME ABS transactions at the higher of (i) the intrinsic credit risk of the senior notes (i.e., their credit risk without the guarantee); or (ii) the rating of government of the Kingdom of Spain (i.e., A1).

Three of the affected notes have an intrinsic credit risk of Aa3 and Moody's has therefore downgraded these notes to Aa3(sf).

One of the affected notes has an intrinsic credit risk of A1 and has therefore been downgraded to A1(sf).

In addition, the A2(G) notes of the BBVA-6 FTPYME, FTA transaction have an intrinsic credit risk of Aa3 but have low credit enhancement levels. In this transaction the A1 tranche, also rated Aa3, does not benefit from a guarantee and is currently senior to the guaranteed tranche in the waterfall. Moody's placed this A1 tranche on review for downgrade on 4 November 2011 due to low credit enhancement levels (please refer to "Moody's reviews for downgrade 7 Spanish ABS notes following the downgrade of the Kingdom of Spain" on www.moodys.com). Consequently, Moody's downgraded the guaranteed tranche to Aa3(sf) and it remains on review for downgrade.

Moody's has not updated its key modelling assumptions, sensitivities, cash-flow analysis and stress scenarios, as today's action has been primarily driven by the fact that the rating agency rates the guaranteed notes in the SME ABS transactions at the higher of (i) the intrinsic credit risk of the senior notes (i.e., their credit risk without the guarantee); or (ii) the rating of government of the Kingdom of Spain (i.e., A1).

In light of Moody's negative outlook on the Spanish SME sector, uncertainty mainly stems from the fact that the underlying ratings of the affected transactions could move below the rating of government of the Kingdom of Spain if performance deteriorates in the current negative environment (please refer to "EMEAABS & RMBS Asset Performance Outlooks -- July 2011 Update" on www.moodys.com).

PREVIOUS RATING ACTION & PRINCIPAL METHODOLOGIES

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The methodologies used in these ratings were "Moody's Approach to Rating CDOs of SMEs in Europe," published in February 2007, "Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA," published in March 2009 and "Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa," published in June 2007. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies

LIST OF AFFECTED SECURITIES

Issuer: BBVA-6 FTPYME, Fondo de Titulización de Activos

....EUR215.5MA2(G) Certificate, Downgraded to Aa3(sf) from Aa2(sf), Remains on Review for Downgrade; Previously on 29 July 2011, Aa2(sf) Placed on Review for Downgrade

Issuer: FTPYME BANCAJA 3

....EUR153.9MA3(G) Bond, Downgraded to Aa3(sf) from Aa2(sf); Previously on 29 July 2011, Placed on Review for Downgrade

Issuer: FTPYME TDA CAM 4, Fondo de Titulización de Activos

....EUR127MA3(CA) Notes, Downgraded to Aa3(sf) from Aa2(sf); previously on 29 July 2011, Placed on Review for Downgrade

Issuer: GC FTPYME Sabadell 6, Fondo de Titulización de Activos

....EUR134.1MA3(G) Certificate, Downgraded to A1(sf) from Aa2(sf); previously on 29 July 2011, Placed on Review for Downgrade

Issuer: IM Grupo Banco Popular FTPYME I, Fondo de Titulización de Activos

....EUR155.4MA5(G) Certificate, Downgraded to Aa3(sf) from Aa2(sf); Previously on 29 July 2011, Placed on Review for Downgrade

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The rating has been disclosed to the rated entities or their designated agent(s) and issued with no amendment resulting from that disclosure.

Information sources used to prepare each of the rating are the following: parties involved in the ratings, and public information.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

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