

Announcement: Moody's reviews 15 Spanish ABS/RMBS deals for downgrade

Global Credit Research - 30 Jun 2011

London, 30 June 2011 -- Moody's Investors Service has today placed on review for downgrade the ratings of 17 tranches in 10 Spanish RMBS transactions and 10 tranches in 5 Spanish ABS transactions where Caja de Ahorros del Mediterraneo (CAM), Caixa Catalunya, Tarragona I Manresa or Banco de Valencia -- all with speculative-grade ratings -- act as servicers. The rating action reflects the lack of back-up servicing (BUS) arrangements in the transactions.

A detailed list of the rating actions is provided at the end of this press release.

RATINGS RATIONALE

Today's rating reviews reflect the increased operational risk in structured finance transactions following CAM's downgrade to Ba1/Not Prime on 19 April 2011 and Caixa Catalunya, Tarragona I Manresa and Banco de Valencia's downgrades to Ba1/Non-Prime on 24 March 2011. The tranches placed under review include ratings on Aaa(sf) and Aa(sf) tranches from structured finance transactions serviced by these three Spanish financial institutions.

(1) Spanish RMBS and ABS ratings on review, due to anticipated delays to appoint a BUS

As explained in Moody's "Global Structured Finance Operational Risk Guidelines: Moody's Approach to Analyzing Performance Disruption Risk" (published 2 March 2011), transactions serviced by non-investment grade entities can maintain Aaa(sf) or Aa(sf) ratings if the transaction benefits from (i) strong BUS arrangements; and (ii) a sufficient source of liquidity to ensure the high certainty of continuity of payment on the notes, in case of servicer disruption.

The 10 Spanish RMBS and 5 ABS transactions affected by today's rating actions include a trigger to appoint a BUS upon the loss of the servicer's Baa3 rating. These 15 transactions were excluded from the review of 25 March 2011 and 28 April 2011, because the transactions benefited from sufficient liquidity. In addition, Moody's had expected that the BUS would be appointed rapidly. Please refer to the press releases "Moody's reviews ratings in Spanish ABS and RMBS transactions following the rating actions on Spanish banks" (25 March 2011) and "Moody's reviews ratings on Spanish ABS and RMBS deals after CAM downgrade" (28 April 2011).

Moody's has been informed by Caixa Catalunya, Tarragona I Manresa, Banco de Valencia and CAM that they are looking at 3rd party BUS arrangements, but Moody's expects that those will not be concluded within the next 30 days. Moody's rating reviews will focus on the strengths of the BUS arrangements, the experience of the BUS at servicing loan portfolios, the timing necessary for the BUS to step in in case the initial servicer needs to be replaced and the liquidity available in the transaction to cover for the transition period. In particular, Moody's will assess (i) the time needed for the BUS to become fully operational; (ii) the compatibility between the BUS IT system and the servicer's IT system; and (iii) the plan of the transfer process.

Tranches benefitting from guarantees from the Instituto de Crédito Oficial (Aa2), the Government of Spain (Aa2) or Generalitat de Catalunya (A3) were also placed on review, as Moody's concluded that these guarantees did not fully mitigate all servicer disruption risks.

(2) Moody's continues to monitor Spanish ABS/RMBS deals with exposure to financial institutions affected by downgrade

The Spanish financial institutions affected by the rating downgrades on 24 March and 19 April 2011 may also act as swap counterparty, account bank provider or paying agent in Spanish structured finance transactions. Moody's continues to monitor the compliance of remedies following trigger breaches in the swap, account bank or paying agent arrangements. If the remedies that are described in the current documentation are not implemented rapidly, some structured finance ratings may be affected.

The lead analyst and rating office for each of the transactions affected are generally different from the contact and office listed at the end of this press release. For each transaction, the lead analyst name is available on the issuer page and the rating office is available on the ratings tab of the issuer on www.moody's.com.

The Operational Risk Guidelines described in this press release complement the applicable principal methodologies for each asset class.

METHODOLOGIES

The principal methodology used in rating Spanish RMBS was Moody's Approach to Rating RMBS in Europe, Middle East, and Africa, published in October 2009. The secondary methodology used in rating Spanish RMBS was Moody's Updated Methodology for Rating Spanish RMBS, published in October 2009.

The principal methodology used in rating Spanish ABS SME is Moody's Approach to Rating CDOs of SMEs in Europe, published in February 2007. The secondary methodology also used is Refining the ABS SME Approach: Moody's Probability of Defaults Assumptions in the Rating Analysis of Granular Small and Mid-Sized Enterprise Portfolios in EMEA, published in March 2009.

List of ABS ratings placed on review for possible downgrade:

Issuer: FTPYME TDACAM9, FTA

...EUR104M Serie A1 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Dec 15, 2010 Definitive Rating Assigned Aaa (sf)

...EUR416M Serie A2 (G) Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Dec 15, 2010 Definitive Rating Assigned Aaa (sf)

Issuer: GAT FTGENCAT 2008, Fondo de Titulizacion de Activos

....EUR349.7MA1 Certificate, Aa1 (sf) Placed Under Review for Possible Downgrade; previously on Jan 27, 2011 Downgraded to Aa1 (sf)

....EUR314.5MA2(G) Certificate, Aa1 (sf) Placed Under Review for Possible Downgrade; previously on Jan 27, 2011 Downgraded to Aa1 (sf)

Issuer: GAT FTGENCAT 2009, FTA

....EUR284.8M Serie A1 (G) Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Dec 16, 2009 Definitive Rating Assigned Aaa (sf)

....EUR71.2M Serie A2 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Dec 16, 2009 Definitive Rating Assigned Aaa (sf)

Issuer: PYMECAT 3 FTPYME, FTA

....EUR240MA1(G) Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 18, 2010 Definitive Rating Assigned Aaa (sf)

....EUR50MA2 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 18, 2010 Definitive Rating Assigned Aaa (sf)

....EUR109.7MA3 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 18, 2010 Definitive Rating Assigned Aaa (sf)

Issuer: PYME VALENCIA 2, FONDO DE TITULIZACIÓN DE ACTIVOS

....EUR407.5MA Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Mar 17, 2009 Definitive Rating Assigned Aaa (sf)

List of RMBS ratings placed on review for possible downgrade:

Issuer: GAT ICO-FTVPO 1 FTH

....EUR331.6MA(G) Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Jun 19, 2009 Definitive Rating Assigned Aaa (sf)

Issuer: HIPOCAT 17, FTA

....EUR1070.8MA Certificate, Aa1 (sf) Placed Under Review for Possible Downgrade; previously on Feb 23, 2011 Upgraded to Aa1 (sf)

Issuer: HIPOCAT 18, FTA

....EUR737.7MA Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Mar 27, 2009 Definitive Rating Assigned Aaa (sf)

....EUR30.3MB Certificate, Aa3 (sf) Placed Under Review for Possible Downgrade; previously on Mar 27, 2009 Definitive Rating Assigned Aa3 (sf)

Issuer: HIPOCAT 19, FTA

....EUR525MA Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Sep 24, 2009 Definitive Rating Assigned Aaa (sf)

Issuer: HIPOCAT 20, FTA

....EUR639MA Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on May 31, 2010 Definitive Rating Assigned Aaa (sf)

Issuer: MBSCAT 1, FTA

....EUR963.4MANotes, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Jan 13, 2009 Definitive Rating Assigned Aaa (sf)

Issuer: MBSCAT 2, FTA

....EUR405.1MANotes, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Jul 24, 2009 Definitive Rating Assigned Aaa (sf)

Issuer: MBSCAT 3, FTA

....EUR1535M Notes Notes, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Feb 1, 2011 Definitive Rating Assigned Aaa (sf)

Issuer: TDACAM 11 Fondo de Titulizacion de Activos

....EUR334.8MA1 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2008 Definitive Rating Assigned Aaa (sf)

....EUR517.9MA2 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2008 Definitive Rating Assigned Aaa (sf)

...EUR403.2MA3 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2008 Definitive Rating Assigned Aaa (sf)

...EUR229.1MA4 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2008 Definitive Rating Assigned Aaa (sf)

Issuer: TDACAM 12, FTA

...EUR380MA1 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Feb 10, 2009 Definitive Rating Assigned Aaa (sf)

...EUR665MA2 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Feb 10, 2009 Definitive Rating Assigned Aaa (sf)

...EUR418MA3 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Feb 10, 2009 Definitive Rating Assigned Aaa (sf)

...EUR228MA4 Certificate, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Feb 10, 2009 Definitive Rating Assigned Aaa (sf)

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

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

Paris
Annick Poulain
MD - Structured Finance
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
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454



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