

FitchRatings

**Fitch Maintains IM Grupo Banco Popular EMPRESAS 2 on RWN
29 Jan 2010 12:12 PM (EST)**

Fitch Ratings-London/Madrid-29 January 2010: Fitch Ratings is maintaining IM Grupo Banco Popular EMPRESAS 2's Class A, B and C notes on Rating Watch Negative (RWN), as Banco Popular Espanol ('AA-'/Outlook Negative/'F1+') has notified the agency of its intention to restructure the transaction.

The RWN was originally assigned in August 2009 pending full analysis after the implementation of Fitch revised SME CDO rating criteria for European granular corporate balance-sheet securitisations.

Therefore, the current ratings of the Class A, B and C notes remain as follows:-

EUR2,225,000,000 class A notes (ISIN ES0349047003): 'AAA' on RWN

EUR100,000,000 class B notes (ISIN ES0349047011): 'A' on RWN

EUR175,000,000 class C notes (ISIN ES0349047029): 'BBB-' on RWN

Fitch expects to receive shortly the full restructuring proposal from Banco Popular Espanol, after which the agency will undertake a full analysis of the proposal and resolve the RWN. However, if a restructuring is not completed within the next 90 days, the agency will thereafter take rating action based on the existing structure and the latest available information. The following provides category level guidance as to the likely ratings if the restructuring is not implemented by Banco Popular Espanol:

EUR2,225,000,000 class A notes (ISIN ES0349047003): 'BBB' category

EUR100,000,000 class B notes (ISIN ES0349047011): 'BB' category

EUR175,000,000 class C notes (ISIN ES0349047029): 'B' category

This rating action above is principally linked to the application of the new SME CDO criteria published on 23 July 2009. However, the transaction has not benefited from any de-leveraging, the assets are all unsecured, the portfolio has high obligor concentration and the largest obligor was recently delinquent.

More specifically, as the transaction is still within its replenishment phase, the notes have not benefitted from any principal amortisation and therefore remain at their original subordination levels. The portfolio also suffers from high obligor concentration with the top five obligors representing 7.9% of the portfolio. Also, according to the most recent portfolio information, the top obligor representing 3.9% of the portfolio was delinquent, but according to Banco Popular Espanol this obligor is now current on its payments. Finally, all of the assets in the portfolio are unsecured, which significantly lowers potential for recoveries in the event of a default.

On the positive side, the transaction has experienced relatively good performance when compared to its peers, with 90+ day delinquency rate of 2.0% versus an average of 2.9% for the Fitch-rated Spanish SME universe.

IM Grupo Banco Popular EMPRESAS 2 is a cash flow securitisation of a EUR2.5bn revolving pool of traditional corporate and SME loans granted by six entities of Grupo Banco Popular - Banco Popular Espanol SA, Banco de Andalucia, Banco de Castilla, Banco de Credito Balear, Banco de Galicia and Banco de Vasconia.

Applicable Criteria, 'Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLO)', dated 23 July 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.

Contact: Nick Apsley, London +44 (0) 20 7417 6293; Jeffery Cromartie, +44 (0) 20 7664 0072; Rui J. Pereira, Madrid, +34 91 702 5774.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: julian.dennison@fitchratings.com.

Additional information is available at www.fitchratings.com.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE '[WWW.FITCHRATINGS.COM](http://www.fitchratings.com)'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.