



Fitch Affirms ICO Mediacion II; Assigns Stable Outlook Ratings

20 May 2011 12:25 PM (EDT) Fitch Ratings-Madrid/London-20 May 2011: Fitch Ratings has affirmed ICO Mediacion II AyT, FTA's class A notes ratings as follows:

EUR11,639.7m Class A (ISIN: ES0347456008): 'AAAsf'; Outlook Stable; Loss Severity Rating is 'LS1'

The affirmation reflects the increasing total credit enhancement (CE) provided by the subordinate loan (SL) and the subordinate line of credit (SLC) due to the amortising nature of the assets. The class A notes are supported by CE of 66.2% which is expected to continue increasing. Fitch additionally notes that the tight pro-rata amortisation triggers will not allow CE to be released until the portfolio factor falls to 50%.

ICO Mediacion II AyT, FTA is a cash flow securitisation of a static pool of senior unsecured loans to Spanish financial institutions originated by Instituto de Credito Oficial (ICO; 'AA+/Negative/F1+'). The receiving financial institutions used the proceeds of the loans to lend to mainly small- and medium-sized enterprises (SMEs) at below-market rates, in accordance with ICO's policy objectives.

The Stable Outlook reflects Fitch's belief that available CE sufficiently protects the class A notes against any potential negative migration of the credit quality of the assets in the pool and higher obligor concentration resulting from further consolidation in the Spanish financial system.

The agency has assigned an issuer report grade (IRG) of two stars ("Basic") to the transaction's investor reports. This reflects the sporadic availability of deal information, as investor reports are published only every six months, and the lack of some basic information such as counterparty triggers.

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Additional information is available on www.fitchratings.com

The information used to assess these ratings was sourced from portfolio data provided by the originator, periodic investor reports and the public domain.

Applicable criteria 'Global Rating Criteria for Corporate CDOs', dated 5 July 2010; 'Counterparty Criteria for Structured Finance Transactions', dated 14 March 2011; 'Criteria for Structured Finance Loss Severity Ratings', dated 17 February 2009; 'Criteria for Rating Caps in Global Structured Finance Transactions', dated 23 June 2010, and "Criteria for European Structured Credit Issuer Report Grades (EMEA CDO)", dated 16 February 2010, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Rating Criteria for Corporate CDOs
Counterparty Criteria for Structured Finance Transactions
Criteria for European Structured Credit Issuer Report Grades (EMEA CDO)
Criteria for Structured Finance Loss Severity Ratings
Criteria for Rating Caps in Global Structured Finance Transactions

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