# PYME Valencia 2, Fondo de Titulización de Activos

## SME Loans / Spain

**Closing Date**
16 March 2009

**Contacts**
Paula Lichtensztein
+39 02 914 81-144
*Paula.Lichtensztein@moodys.com*
Luis Mozos
+34 91 702-6615
*Luis.Mozos@moodys.com*

**Client Service Desk**
London: +44 20 7772-5454
*clientservices.emea@moodys.com*
Madrid: +34 91 414-3161
New York: +1 212 553-1653

**Monitoring**
*monitor.abs@moodys.com*

**Website**
www.moodys.com

## DEFINITIVE RATINGS

| Series | Rating | Amount (million) | % of Notes | Legal Final Maturity | Coupon |
|---|---|---|---|---|---|
| A | **Aaa** | €407.5 | 81.50 | March 2047 | 3mE + 0.3% |
| B | **A1** | €17.5 | 3.50 | March 2047 | 3mE + 0.6% |
| C | **Baa3** | €75.0 | 15.00 | March 2047 | 3mE + 0.9% |
| Total | | €500.0 | 100.00 | | |

*The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal on Series A, B, and C at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.*

## OPINION

### Strengths of the Transaction

- A 17.4% cash reserve, funded up front, will be available to cover potential interest and/or principal shortfalls.
- A liquidity reserve will be funded up front and initially equal to 2% of the issued notes. It will be available to provide six months of liquidity to pay senior fees and the interest due to the notes during the life of the deal, and principal shortfalls at final maturity. However, this reserve will provide limited credit enhancement as it will start amortising from day one, and its amortisation will not be subject to any triggers.
- 66.2% of the portfolio benefits from a first-lien mortgage guarantee.
- No loans in arrears for more than 30 days will be included in the final portfolio and loans in arrears for less than 30 days will not exceed 5% of the portfolio.
- Commingling risk is mitigated by several provisions. If Banco de Valencia is downgraded below P-1, collections will be transferred daily to the SPV's account. In addition, if Banco de Valencia is downgraded below Baa3, it will fund a commingling reserve equivalent to one month of stressed collections.
- Banco de Valencia will identify a back-up servicer if its rating falls below Baa3. At this stage, the back-up servicer will enter into a back-up servicer agreement, but it will only step in at the discretion of the management company.

### Weaknesses and Mitigants

- As no hedging agreement is in place, there is exposure to interest rate risk. This feature has been taken into account in Moody's quantitative analysis, but in any case implies a higher degree of uncertainty regarding Moody's quantitative assumptions.

- There is geographical concentration in the region of Valencia (64%) and Murcia (16%). This feature has been factored into the quantitative analysis.
- Around 49% of the portfolio is concentrated in the "buildings and real estate" sector according to Moody's industry classification. Given the current negative economic conditions and outlook affecting this sector in particular, Moody's has considered this in its quantitative assumptions by assuming higher relative default probabilities. In addition, the default distribution reflects the industry concentration through correlation.
- Pro-rata amortisation of Series B and C will lead to reduced credit enhancement of the senior series in absolute terms. This is mitigated by the triggers, which interrupt the pro-rata amortisation of the notes if the performance of the transaction deteriorates.

## STRUCTURE SUMMARY *(see page 4 for more details)*

| | |
|---|---|
| Issuer: | PYME VALENCIA 2, Fondo de Titulización de Activos |
| Structure Type: | Senior/Mezzanine/Subordinated floating-rate notes |
| Seller/Originator: | Banco de Valencia (A3/P-2) |
| Servicer: | Banco de Valencia |
| Interest Payments: | Quarterly in arrears on each payment date |
| Principal Payments: | Pass-through on each payment date |
| Payment Dates: | 25 March, 25 June, 25 September, 25 December |
| | First payment date: 25 June 2009 |
| Credit Enhancement/Reserves: | Excess spread |
| | 17.4% cash reserve |
| | Liquidity reserve at final maturity |
| | Subordination of the notes |
| | Guaranteed Investment Contract (GIC) account |
| Paying Agent: | Caja De Ahorros De Valencia, Castellón y Alicante (Bancaja; **A2**/**P-1**) |
| Note Trustee (Management Company): | Europea de Titulizacion S.A., Sociedad Gestora de Fondos de Titulización (EdT) |
| Cash Manager: | EdT |


| | |
|---|---|
| Issuer: | PYME VALENCIA 2, Fondo de Titulización de Activos |
| Structure Type: | Senior/Mezzanine/Subordinated floating-rate notes |
| Seller/Originator: | Banco de Valencia (A3/P-2) |
| Servicer: | Banco de Valencia |
| Interest Payments: | Quarterly in arrears on each payment date |


## COLLATERAL SUMMARY *(see page 7 for more details)*

| | |
|---|---|
| Receivables: | Loans to Spanish corporates |
| Total amount: | €500 million |
| Number of Contracts: | 2,856 |
| Number of Borrowers: | 2,538 |
| Portfolio Effective Number: | 522 |
| Geographic Diversity: | Valencia (66%), Murcia (14%), and Madrid (7%) |
| Sector Diversity (Moody's industry): | Real Estate Developers (17%), Building & Real Estate (29%), Diversified/Conglomerate Service (7%), and Beverage, Food & Tobacco (5%) |
| WA Remaining Term: | 8.7 years |
| WA Seasoning: | 3.0 years |
| Interest Basis: | 94.9% floating, 5.1% fixed |

## NOTES

| Series | Subordination[1] | Cash Reserve | Total* |
|---|---|---|---|
| A | 18.50% | 17.4% | 35.90% |
| B | 15.00% | 17.4% | 32.40% |
| C | 0.00% | 17.4% | 17.40% |

**at legal final maturity, the outstanding liquidity reserve will also be used to repay the notes*

## TRANSACTION SUMMARY

***Cash securitisation of loans granted by Banco de Valencia to SMEs***

PYME VALENCIA 2, FTA (the "*Fondo*") is a securitisation fund created with the aim of purchasing a portfolio of loans and lease receivables granted by Banco de Valencia to Spanish corporates.

The *Fondo* will issue three series of notes to finance the purchase of the loans (at par):

– A senior tranche, rated **Aaa**

– A mezzanine Series B, rated **A1**

– A subordinated Series C, rated **Baa3**

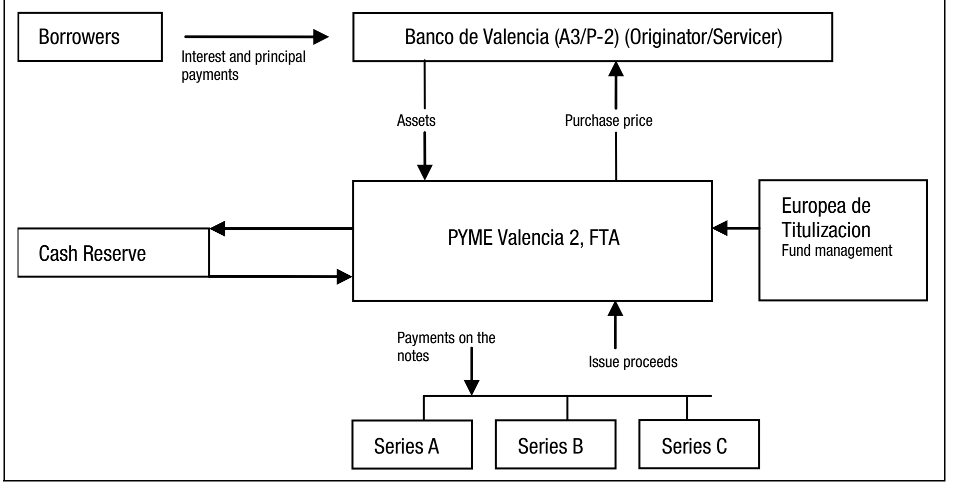
Each series of notes is supported by subordination, a cash reserve and the excess spread generated by the portfolio.

Moody's initially analysed and monitors this transaction using the rating methodology for EMEA SME ABS transactions as described in the Rating Methodology reports "Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa", June 2007 and "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", March 2009. Moody's based the ratings primarily on: (i) an evaluation of the underlying portfolio of loans; (ii) historical performance and bank internal information; (iii) the interest rate risk; (iv) the credit enhancement provided by the cash reserve, the subordination of the notes, and the excess spread; and (v) the legal and structural integrity of the transaction.

## STRUCTURAL AND LEGAL ASPECTS

***Structure of the transaction]***

Chart 1:
**Structure Chart**




***Unhedged interest rate risk***

There is no hedging agreement in place. Therefore, the transaction is subject to interest rate risk. The portfolio composition is as follows:

Table 1:
**Portfolio Breakdown by Interest Rate Type**

| Interest rate type | % of portfolio |
| --- | --- |
| Fixed-interest rate loans | 5.1% |
| Floating-rate loans linked to 12-month EURIBOR | 91.5% |
| Floating-rate loans linked to 6-month EURIBOR | 3.5% |

As regards the basis risk and reset date mismatch risk, the analysis of the potential mismatch between the reference rate of the notes and the interest rate payable on the underlying floating

In the case of fixed-floating exposure, the available excess spread in the transactions was computed considering an increasing three-month EURIBOR. Sensitivity analysis was performed with different assumptions in order to test the robustness of the notes ratings.

***Cash reserve and liquidity reserve fully funded upfront with a subordinated loan provided by the originator***

A cash reserve will be funded up front with a subordinated loan, granted by the originator, for an amount equal to 17.4% of the notes. It will provide both credit and liquidity protection to the notes.

At any payment date the cash reserve target amount will be the lower of the following amounts:

– 87 million (17.4% of the initial balance of the series A, B, and C notes)
– the higher of:
  - 34.80% of the outstanding balance of the series A, B, and C notes
  - 43.5 million (8.70% of the initial balance of the series A, B, and C notes)

However, the cash reserve will not be reduced on any payment date on which either of the following scenarios occurs:

– Three years have not elapsed since closing
– The arrears level (defined as the percentage of non-written-off loans that are more than 90 days in arrears) exceeds 1%
– The cash reserve is not funded at its required level on the previous payment date

A liquidity reserve equal to 2% of the initial portfolio will be funded at closing. The purpose of this reserve is to ensure the payment of senior fees and the interest due to the notes during six months, in scenarios where there is a potential lack of liquidity (like those derived from a servicer disruption event or in a high delinquency scenarios). At legal final maturity, or in the event of liquidation of the Fondo, amounts from this reserve will be available to repay the notes, so it will ultimately provide credit protection to the structure. However, investors should note that, unlike the cash reserve, this reserve will start amortising from day one, with its amount being set at each payment date equal to two times the amount of senior fees and interest due to the notes. Therefore, the credit protection that the liquidity reserve will potentially provide at the end of the transaction will be limited. This provides a lower credit protection than in structures where there is a liquidity ledger, because as the liquidity ledger amortises, the amounts being amortised are trapped in the general cash reserve instead of being leaked out, as in the case of the current structure. This feature has been factored in the quantitative analysis.

***Funds will be daily swept to an account in the name of the Fond***

Collections from the portfolio, received by the servicer, will be transferred daily to the treasury account in the name of the Fondo. The cash reserve will also be held in the treasury account. The annual yield guaranteed for the amounts deposited in the treasury account is equal to the index reference rate of the notes.

If the short-term rating of the treasury account provider falls below **P-1**, the management company will perform one of the following actions, in the indicated order of priority, within 30 business days:

– Find a suitably rated guarantor or substitute;
– Collateralise the payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes;
– If these two options are not feasible, obtain from a treasury account provider or a third party collateral security in favour of the Fondo on financial assets with a credit quality not less than that of Spanish State Government Debt; or
– If none of these options are possible, invest the outstanding amount of the relevant cash account in euro-denominated securities issued by a P-1-rated entity.

***Triggers in place to mitigate commingling risk***

The following triggers have been put in place to mitigate the risk of commingling. If Banco de Valencia's long-term rating falls below Baa3, the servicer will either fund a commingling reserve or obtain an unconditional, irrevocable, first-demand credit facility from a P-1 rated entity. The commingling reserve or the maximum amount available under the credit facility will be equal to the highest future scheduled monthly amount of principal and interest collections, at the time of the downgrade, assuming a 0% delinquency rate and 10% prepayment rate.

**_Limitations on the renegotiation of the loans_**

The management company authorises the originator in its role as servicer to renegotiate the interest rate or the maturity of any loan without requiring its approval (although this authorisation can be revoked at any point in time during the life of the transaction). Some limitations have been put in place, the most significant of which are:

– The maturity of any loan cannot be extended beyond 5 December 2042
– The total initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool
– The frequency of payments cannot be decreased
– The amortisation profile cannot be modified
– The new interest rate of the loan cannot decrease below 4.5%, for fixed interest rate loans

The new margin of the loan cannot decrease below 0.75%, for floating interest rate loans

**_Payment structure allocation_**

At the closing date, the proceeds from the notes were used to purchase the loans that form part of the asset pool. The starting expenses and the notes issuance costs were financed through a subordinated loan granted by Banco de Valencia.

On each quarterly payment date, the *Fondo's* available funds (i.e. amounts received from the portfolio, the cash reserve, interest earned on the accounts, and amounts drawn from the commingling reserve, if applicable) will be applied in the following simplified order of priority:

1) Costs and fees
2) Interest payment to Series A
3) Interest payment to Series B (if not deferred)
4) Interest payment to Series C (if not deferred)
5) Replenishment of the liquidity ledger of the cash up to the required amount
6) Principal due under the notes
7) Interest payment to Series B (if deferred)
8) Interest payment to Series C (if deferred)
9) Replenishment of the cash reserve up to the target amount
10) Junior payments

If the Fondo is liquidated, the payment structure will be modified with the sole aim of ensuring that both interest and principal are repaid strictly sequentially.

**_Interest deferral mechanism based on the amount of written-off loans_**

The payment of interest on Series B and C will be brought to a more junior position if, on any payment date, and for each of these series, the following conditions are met:

– The accumulated amount of written-off loans since closing is higher than 41.1% and 23.7%, respectively

The series senior to it is not fully redeemed

**_Principal due to the notes incorporates a 18-month "artificial write-off" mechanism_**

The transaction's structure benefits from an "artificial write-off" mechanism. This mechanism is implicit in the definition of the principal due under the notes, which is calculated as the difference between (i) the outstanding amount of the notes and (ii) the outstanding amount of the non-written-off loans (the "written-off loans" being defined as those loans with any amount due but unpaid for more than 18 months (or earlier, if the management company considers that there are no reasonable expectations of recovery under each such loan)).

The "artificial write-off" speeds up the off-balance sheet of a non-performing loan (NPL); thus, the amount of notes collateralised by NPLs is minimised, and, consequently, the negative carry. However, the most important benefit for the transaction is that the amount of excess spread trapped in the structure is larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

A principal deficiency will occur, on any payment date, if the issuer's available funds are not sufficient to reimburse the principal due under the notes, according to the cash flow rules stated above (the difference between these two amounts being the principal deficiency).

***Principal due allocation mechanism***

The amount of principal due will be dedicated to the amortisation of the notes according to the following rules:

1. Sequentially to the amortisation of Series A, B and C (in the indicated order)
2. Notwithstanding rule (1), from the payment date on which the initial amount of Series B and C exceeds 7.0% and 30.0%, respectively, of the outstanding amount under all series, pro-rata between the following items:
   i. Amortisation of Series A
   ii. Amortisation of Series B
   iii. Amortisation of Series C

In addition, pro-rata amortisation will only take place if following conditions are met:

– The arrears level is below 1.25% and 1.0% for Series B and C, respectively
– The cash reserve is going to be funded at its required level
  The outstanding amount of the non-written-off loans is higher than 10% of the pool's initial amount

## COLLATERAL

***Pool of loans granted to Spanish SMEs***

The portfolio comprises loans granted to Spanish corporates, originated by Banco de Valencia in its normal course of business. The loans must comply with the following criteria:

– The receivables have been granted to enterprises domiciled in Spain.
– The receivables are repaid by direct debit and have paid at least one instalment.
– All loans are denominated in euros.
– 100% of the principal of the receivables has been drawn.
– No loan agreement incorporates deferred payments of interest or principal (apart from principal and/or interest grace periods at the inception of the loan).
– At closing, loans will be performing or up to 30 days in arrears (with a cap equal to 5% of the portfolio on these loans in arrears).
– The pool will not include loans or leases granted to real estate developers for the construction of properties or lease contracts.

The portfolio of underlying assets comprised a portfolio of 2,856 loans to 2,538 borrowers. 66.2% of the loans hold a first-lien mortgage guarantee, with a weighted-average loan-to-value (LTV) equal to 53.1%. 1.7% of the mortgage guaranteed loans has an LTV higher than 100%. The interest rate is floating for the majority of the loans (94.9%), and the weighted-average interest rate of the total portfolio is 5.6%.

***Portfolio concentrated in the real estate sector***

Geographically, the pool is concentrated in Valencia (66.4%) and Murcia (14.3%), and around 45.5% of the portfolio is concentrated in the "buildings and real estate" sector according to Moody's industry classification, 17.0% of which is real estate developers.

In terms of debtor diversification, the portfolio effective number is equal to 522. The highest debtor exposure equals to 0.8% of the initial portfolio, and the sum of the ten highest debtors is 7.0% of the issuance amount.

The receivables were originated between 1999 and 2008, with a weighted-average seasoning of 3.0 years and a weighted-average remaining term of 8.7 years. The loan with the longest duration matures in December 2042.

The majority of the loans pay interest monthly (71.6%) or quarterly (23.4%). Interest payment frequency generally coincides with principal payment frequency. The percentage of bullet loans in the portfolio is 11.9%. There are no loans with grace periods in the portfolio.

Chart 2:
**Portfolio Breakdown by Year of Origination**

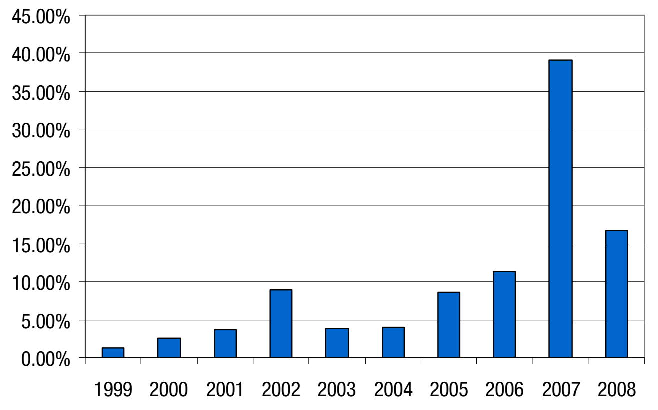



Chart 3:
**Portfolio Breakdown by Year of Maturity**

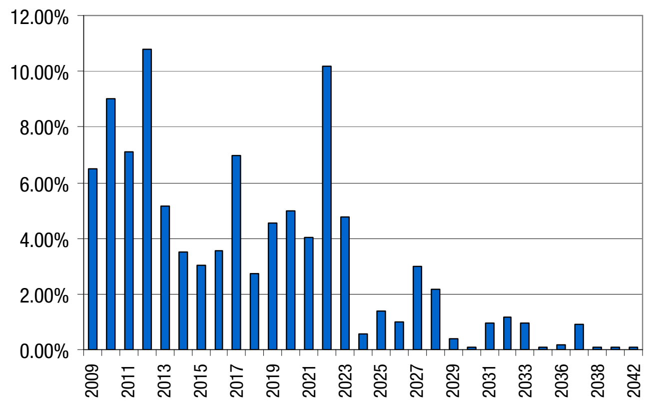



Chart 4:
**Portfolio Breakdown by Industry Diversification**

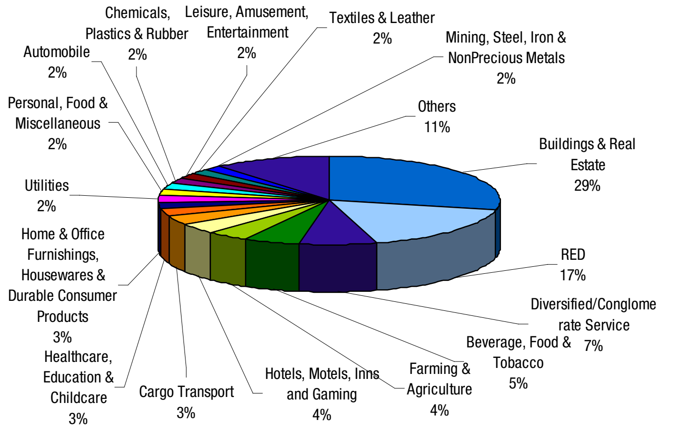
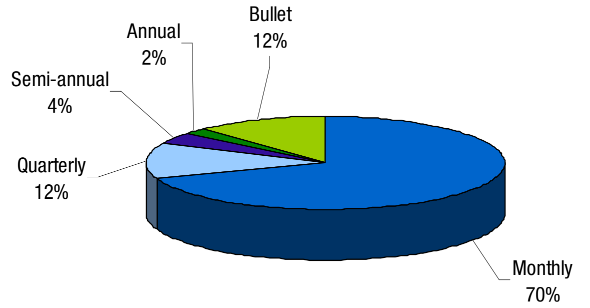



Chart 5:
**Portfolio Breakdown by Frequency of Principal Payments**



## ORIGINATORS, SERVICERS, PAYING AGENT AND MANAGEMENT COMPANY

***Banco de Valencia's second SME securitisation***

[1]Banco de Valencia, with total assets of €21.5 billion and 452 branches as of September 2008, is a medium-sized Spanish retail and commercial bank with a good business franchise in the region of Valencia. It is particularly active in the retail and small and medium-sized enterprises segment, and also lends to a few large corporates. Lending to individuals contributes more than 40% of the bank's total revenues.

It is the largest player in the Valencia region among commercial banks, with market shares as of June 2008 of 24% for deposits and 16% for loans. Including savings banks, Banco de Valencia would rank third, after Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja, rated A2/P-1/C), the market leader and the parent company of the bank, and Caja de Ahorros del Mediterráneo (A2/P-1/C).

Valencia is a key economic region in Spain, accounting for around 10% of the population and 10% of domestic GDP. The economy is relatively diversified and includes industries such as automotive manufacturing, chemicals, textiles, furniture, ceramics, toy manufacturing and, above all, tourism. Spurred by strong competition and diminishing margins, Banco de Valencia has diversified its geographic presence to other parts of Spain over recent years, particularly along the east coast. In addition to 326 branches in the Valencia and Murcia regions, the bank now has 43 branches in Madrid, 18 in Almeria, 33 in Catalonia, and 32 spread in Andalusia (excluding Almeria), Aragon, Navarra, La Rioja and the Balearic Islands.

Like its domestic peers, Banco de Valencia's risk positioning is constrained by high credit risk concentrations in terms of single-group exposures and in the real estate development/construction sectors, which together represented around 39% of total lending as of June 2008.

The bank also has significant exposure by borrower, which increases its vulnerability to the continued negative performance of the real estate sector in Spain. Although the bank has successfully managed to date to subrogate a significant percentage of all lending to developers with less risky mortgages to individuals, this exposure is a key element of risk going forward in light of the pessimistic prospects for the sector.

***Duties as servicer and originator***

Banco de Valencia will act as servicer of the securitised portfolio, and will transfer the borrower payments daily to the treasury account, held at Bancaja.

If the servicer fails to perform its obligations; is subject to Bank of Spain intervention, affected by an insolvency process; or if the management company considers it appropriate, the servicer will be substituted or guaranteed in its role as servicer by a suitable institution.

According to the documentation, the management company may require the originator, upon an insolvency process or because the management company considers it appropriate, to notify the transfer of the loans to the Fondo to the relevant debtors. If the originator fails to comply with this obligation within five business days, the notification would then be carried out by the management company.

***Back-up servicer arrangements***

Banco de Valencia will identify a back-up servicer if its long-term rating falls below Baa3. Upon breach of this trigger, the back-up servicer will enter into a back-up servicer agreement, but it will only step in at discretion of the management company.

***Paying Agent***

Bancaja will act as paying agent of the Fondo. If Bancaja's short-term rating falls below P-1, it will within 30 days have to be replaced in its role of paying agent by a suitably rated institution.

***Management Company***

Europea de Titulización is a company with substantial experience in the Spanish securitisation market. Its obligations within the structure are guaranteed by its shareholders, with respect to their proportion of the holding. BBVA accounts for 84% of the capital of the gestora (trustee). The remainder is owned by 13 institutions, including J.P. Morgan (4%), Caja de Ahorros del Mediterráneo (1.54%), Bankinter (1.53%), Barclays Bank (1.53%) and Citibank España (1.53%). Currently Europea de Titulización carries out the management of 101 securitisation funds.

[1] Extract from Moody's Credit Opinion, November 2008

***Moody's used a Monte-Carlo simulation to derive the default distribution in the portfolio, based on mean default estimations***

Table 2:

| | Quantitative ranges tested |
|---|---|
| Mean default | 14.5% - 15.5% |
| COV | 55% - 65% |
| Recoveries | 40% - 50% |
| CPR | 4% - 6% |

Given the effective number of the portfolio and the size of the largest exposures in the portfolio, Moody's decided to derive the gross loss distribution curve through a two-factor Monte-Carlo approach, rather than assuming that it follows a given general density law.

Two basic parameters needed to be assessed as main inputs for the model as follows:

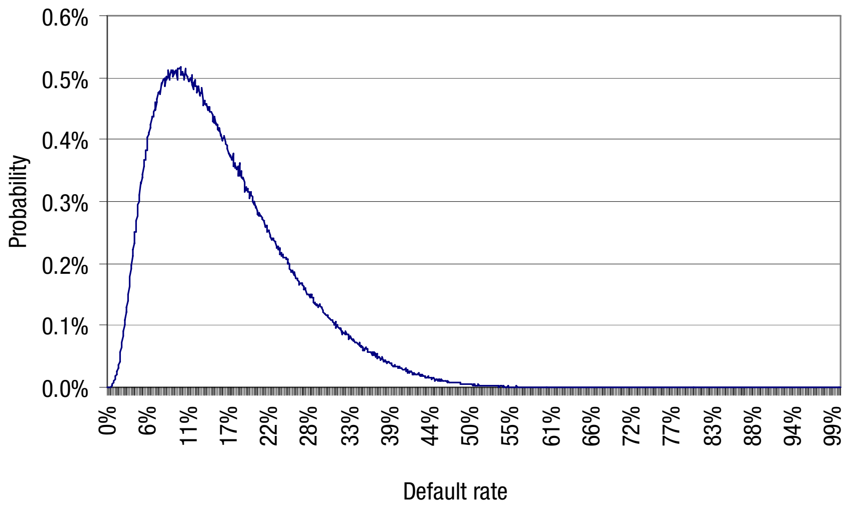
– The default probability contribution of each single entity, and

– The correlation structure among the different industries represented in the portfolio

As regards the first item, Moody's has based its analysis primarily on the historical performance provided by Banco de Valencia on a sample similar to the pool being securitised. The historical analysis was complemented with (i) statistical information on the Spanish SME market since the early 1990s; (ii) the performance of similar deals; (iii) feedback from Moody's corporate team; and (iv) other qualitative and pool-derived aspects, such as potential worst performance expectations on real estate companies. It is important to note that a loan has been considered as 'defaulted' after 90 days past due. The value tested as mean default was in the range of 14.5% - 15.5%.

The standard deviation of the default distribution was determined splitting the portfolio into 33 sectors of activity and assuming a fixed pair-wise correlation parameter (where inter-industry correlation was stressed to 6%); the resulting coefficient of variation was in the range of 55% - 65%.

Chart 6:
**Default Distribution**




***Cash-flow modelling in order to determine the rating of the notes***

The timing of default was assumed to be front-loaded and adjusted to the weighted-average life of the pool. Sensitivity scenarios were run to check the strength of ratings with back-loaded timing of default scenarios.

Assumptions for recoveries were made on the basis of (i) historical information received for this deal; (ii) statistical information on the Spanish SME market; (ii) feedback from Moody's corporate team; and (iv) other qualitative and pool-derived aspects. Moody's used fixed recoveries in the range of 40% - 50%.

Assumptions for prepayments were also tested in Moody's quantitative analysis and were partly derived from historical and statistical information as well as qualitative assessments. The values tested were in the range of 4% - 6%.

Moody's has not been given permission to disclose historical default data pertaining to Banco de Valencia's SME loan book.

Moody's tested the credit enhancement levels by using a cash flow model, which has been adjusted to take into account a number of structural features.

Moody's considered how the cash flows generated by the collateral were allocated to the parties within the transaction, and the extent to which various structural features of the transaction might themselves provide additional protection to investors, or act as a source of risk. In addition, Moody's analysed the strength of triggers to reduce the exposure of the portfolio to originator or servicer bankruptcy.

To determine the rating assigned to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes times the severity of the loss expected for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cash-flow model that reproduced many deal-specific characteristics: the main input parameters of the model have been described above. Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss level for each series of notes as well as the expected average life. Moody's then compared the quantitative values to the Moody's Idealised Expected Loss table to determine the ratings assigned to each series of notes.

## RATING SENSITIVITIES AND MONITORING

***The rating of the notes depends on the portfolio performance and counterparties ratings***

As discussed, the transaction retains linkage to the ratings of the following institutions:

– Banco de Valencia [Baa3], acting as servicer
– Bancaja, acting as treasury account bank and paying agent: [P-1]

In addition to counterparty risk, the transaction's ratings will be sensitive to the status of the Spanish economy (in particular, the financial health of small and medium-sized companies) and to the performance of the Spanish real estate market. Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Moody's will also monitor the performance linked triggers, such as interest deferral triggers and the reserve fund amortisation conditions. Any subsequent changes in the ratings will be publicly announced and disseminated through Moody's Client Service Desk.

EdT, in its capacity as management company, has committed to provide Moody's with data from which certain pool level performance data can be obtained. Moody's considers the amount of data currently available on the reports to be acceptable for monitoring collateral performance. If Moody's access to the reports is curtailed or adequate performance information is not otherwise made available to Moody's, Moody's ability to monitor the ratings may be impaired. This could negatively impact the ratings or, in some cases, Moody's ability to continue to rate the notes.

## RELATED RESEARCH

**Visit moodys.com for further details**

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

**Special Reports**

- Information on EMEA SME Securitisations: Moody's view on granular SME loan receivable transactions and information guidelines, March 2007 (SF92748)
- Moody's Spanish SME Loan-Backed Securities Index, April 2004 (SF35231)
- Structural Features in the Spanish RMBS Market Artificial Write-Off Mechanisms: Trapping the Spread, January 2004 (SF29881)

**Rating Methodologies**

- Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
- 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", March 2009 (SF141058)
- Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.*

SF161996isf