

Press Release

ICO and AyT constitute Europe's largest European securitisation fund, totalling €14,100m

- **The fund's assets are formed by the credit rights on loans granted to financial institutions through second-floor facilities.**
- **Liabilities are made up of a bond issue for €13,169m and a syndicated loan totalling €930m.**
- **The syndicated loan has been subscribed by 67 financial institutions.**
- **As a credit enhancement, the fund features a loan facility totalling €169m.**

Madrid, March 8 2007. Today, the Chairman of Instituto de Crédito Oficial (ICO), Aurelio Martínez, and the President of Ahorro y Titulización (AyT), José Antonio Olavarrieta, along with Juan Antonio Gisbert, Director General of Investments and Funding at ICO, and Luis Miralles, Director General of AyT, formalised the constitution of the securitisation fund known as ICO Mediación I AyT, FTA, entailing an amount of €14,100 m. It is the largest securitisation transaction ever arranged in Europe.

The fund's assets are constituted by credit rights deriving from loans granted by the institute to financial institutions through ICO's second-floor facilities since 2001.

Under agreements with financial institutions, Instituto de Crédito Oficial arranges financing facilities of a varying nature, including loans to SME. In turn, the signatory financial institutions grant loans to the facility's end-beneficiaries (entrepreneurs) under the terms and conditions established by ICO.

The bond issue carried out by Fondo de Titulización de Activos (FTA) amounts to €13,169m, which is completed with a syndicated loan totalling €930m. Accordingly, the total amount involved in the operation stands at €14,099m. Moreover, by way of a credit enhancement, the fund features a loan facility for €169m.

By constituting this fund, ICO accomplishes a twofold aim: on the one hand, it improves the credit quality of its balance by introducing financial assets with a higher credit rating; and, on the other, it reduces banking risk by sidestepping the acute concentration of risk it assumes with financial institutions, arising from the sizeable amount of loans drawn down under the second-floor loan facilities.

Although this is the first time ICO has used securitisation as a balance sheet management tool, it has long-standing experience as a securitisation financial services agent. In this particular case, the institute acts as assignor and arranger and also as a paying agent.

Modus operandi

The process consists in the assignment by ICO to FTA (which is represented by Ahorro y Titulización, a securitisation fund manager) of loans granted to financial institutions in the period from 2001 to 2006, corresponding to nine second-floor facilities; amongst others, the ICO-SME Facility, Internationalisation and ICO-Technological Innovation. The loan portfolio to be securitised was selected from facilities with similar characteristics and the maturity dates on the loans fall after February 2008.

■ AAA securitisation bonds

The fund finances the acquisition of these assets by means of bond issues and a syndicated loan. The securitisation bond issue amounts to a nominal value of €13,169m. The issue consists of 131,690 ordinary bonds with a nominal unit value of €100,000, represented by book entries in a single tranche or series. This issue has a Triple-A rating and has been fully acquired by ICO.

■ BBB- syndicated loan

By way of a complement to the bond issue, a syndicated loan totalling €930m has been arranged. A total of 67 credit institutions are participating in the loan, which carries a BBB- credit rating. The share of each institution was determined by the volume of loans contributed to the securitised portfolio and their credit ratings.

■ Loan facility

Lastly, so as to give the fund a credit enhancement, a loan facility has been arranged for €169m. By share volume, the creditor institutions are as follows: Confederación Española de Cajas de Ahorros (CECA), with 42.86 percent of the total; Caja Madrid and Unicaja, with 22.86 percent respectively; and CAM and Caixa Galicia, with 5.71 percent each.



The fund has been designed and constituted by Ahorro y Titulización, Sociedad Gestora de Fondos de Titulización (SGFT), who will also be responsible for administration. Through the transaction, AyT is acting in accordance with its aim of providing investors with issues featuring a strong innovative component. In addition to its involvement in this transaction, the largest ever seen in Europe, AyT is the top issuer of certificate securitisation funds; it has constituted the first futures credit right securitisation fund for a Spanish football team; and has set under way other innovative transactions, such as the securitisation of treasury bonds or subordinated debt of financial institutions.

Furthermore, AyT is the only manager in Europe to have launched a securitisation bond issue directed at private investors and the only one in the world to issue loan securitisation funds to real estate promoters. These transactions are usually targeted at the institutional market.