

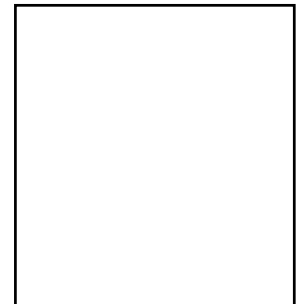
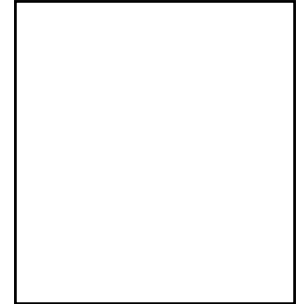
Fitch Ratings

everything you need more than you expect



Structured Finance In Latin America A Look at Cross-Border Remittance Securitizations

June 30, 2005

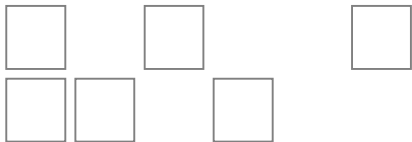


Fitch Ratings Offices & Affiliates in Latin America

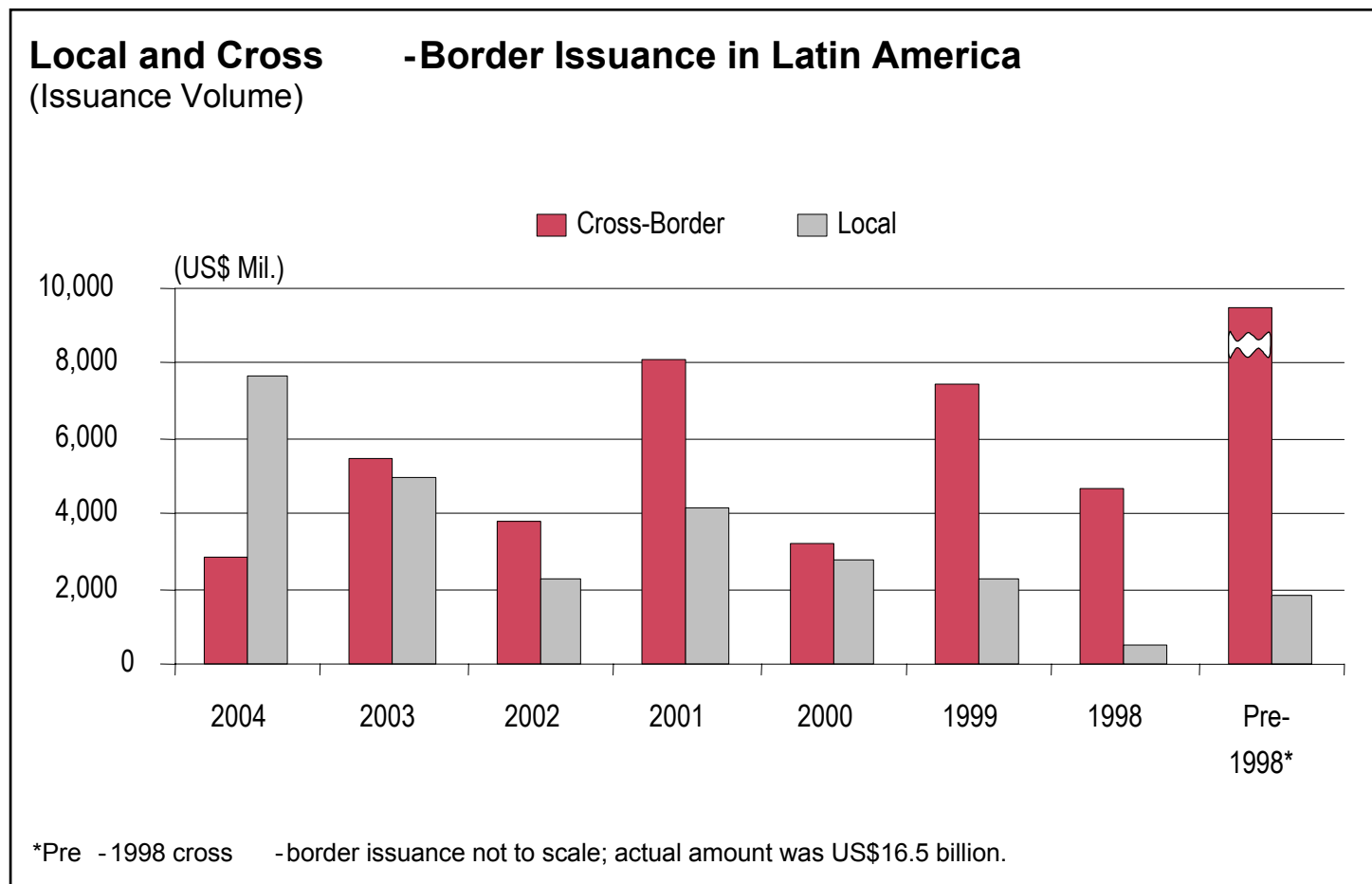


Fitch Rating's Current Presence in Latin America

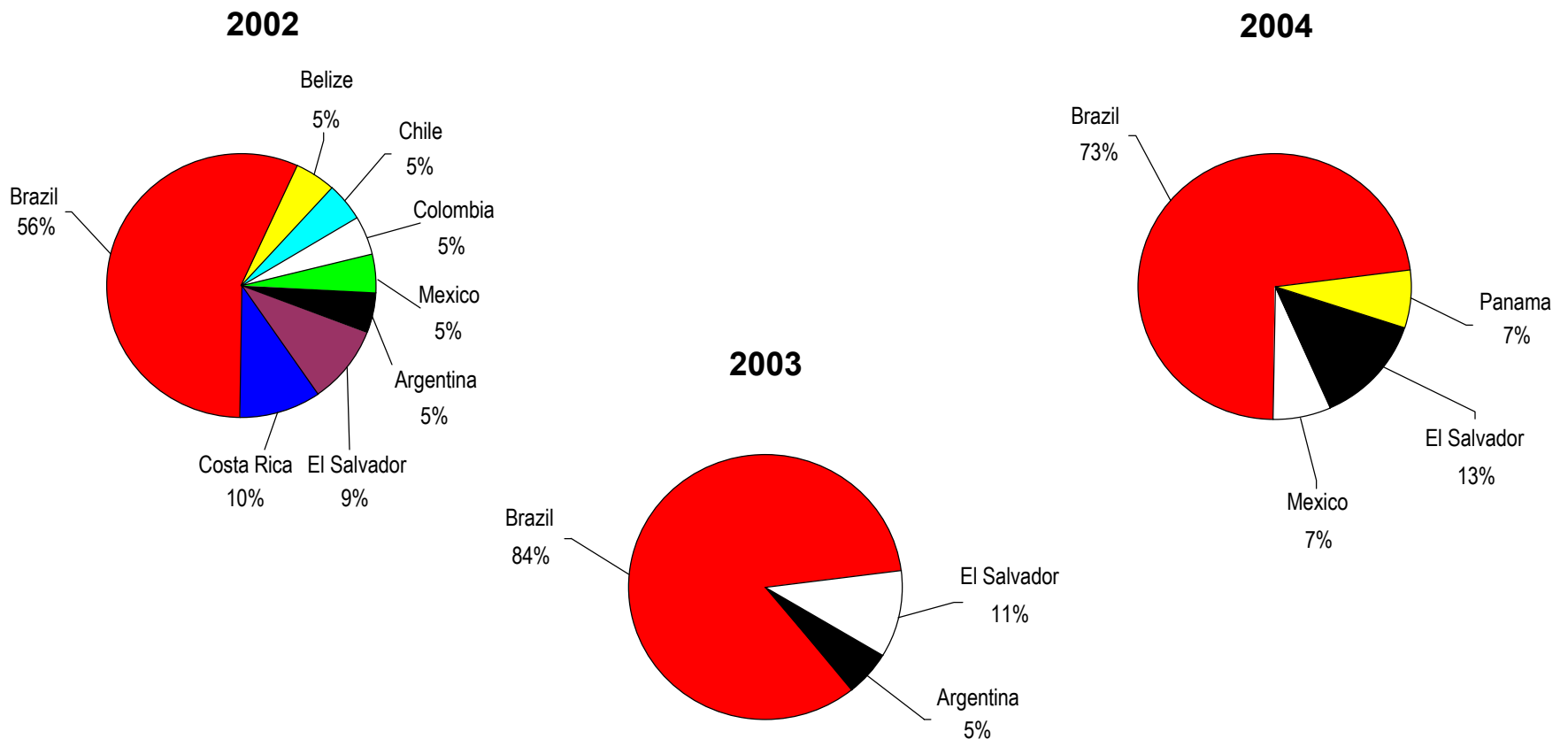
- > Fitch has 24 structured analysts located in 11 offices dedicated to Latin America
- > Fitch maintains ratings and surveillance on approximately 450 structured finance ratings in Latin America
- > Fitch has rated 74% of 193 cross-border issuances
- > Fitch has rated 72% of 551 local issuances



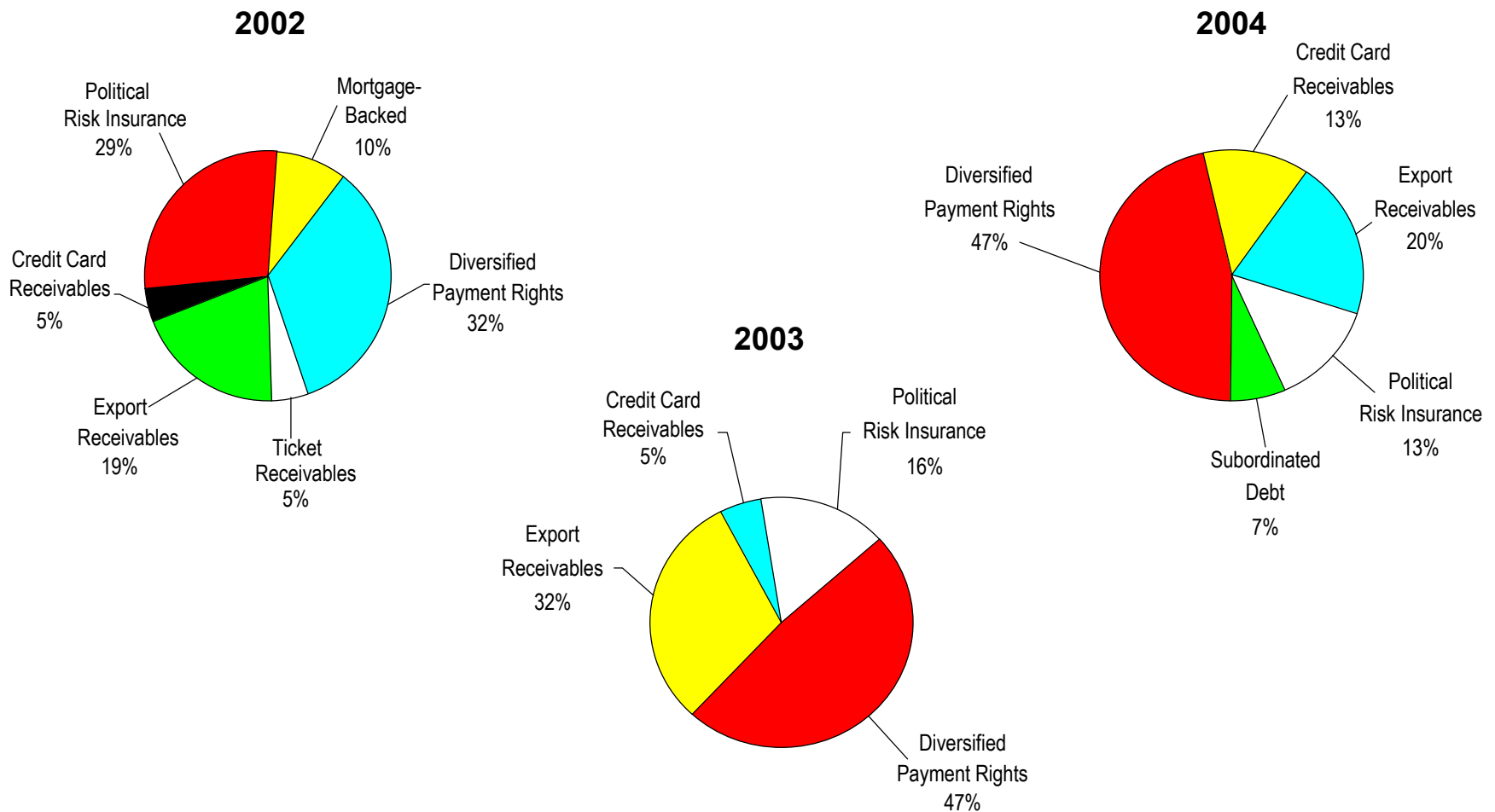
Latin American Structured Finance



Cross Border Issuance by Country (No. of Deals)



Cross Border Issuance by Asset (No. of Deals)



Latin American Remittance Securitizations

<u>Originator (# of deals)</u>	<u>Country</u>	<u>Size (\$MM)</u>
> Banamex (4)	Mexico	871
> Banorte (2)	Mexico	400
> Bital (1)	Mexico	100
> Remesas (2)	Mexico	200
> Banco do Brazil (6)	Brazil	1,360
> Santander Banespa (1)	Brazil	400
> Itau (6)	Brazil	810
> Bradesco (3)	Brazil	500
> Unibanco (6)	Brazil	1,151
> Agricola (2)	El Salvador	160
> Cuscatlan (5)	El Salvador	350
> Salvadoreno (1)	El Salvador	100
> Banco Del Credito del Peru (1)	Peru	100

TOTAL of 40 Remittance Securitizations for \$6,503M

Methodology Highlights

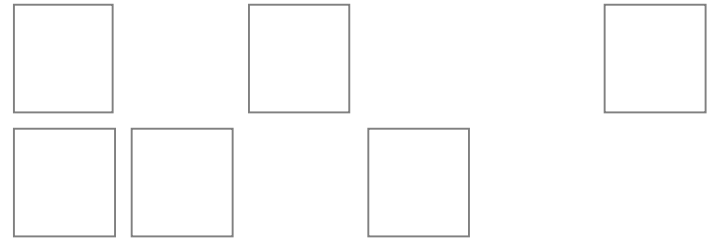
> Bank Characteristics

- > Degree of linkage to Sovereign
 - > International support
 - > Dollarization of economy
 - > Asset base (i.e. investments in government debt)
- > Importance to banking system
 - > Size
 - > Strength
- > Importance of remit operations to the bank

> Structural Characteristics

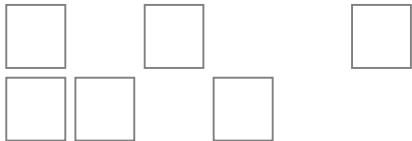
- > True Sale
- > Offshore collection mechanisms
- > Diversity of remittances (Paper-vs-Electronic, Trade-vs-Family-vs-FDI, etc.)

Performance of Structured Finance in Emerging Markets



Recent Stress Case Environments

- > Mexican Peso Crisis – 1994/1995
- > Asian Crisis – 1997
- > Russian Crisis – 1998
- > Brazil Devaluation – 1999
- > Pakistan Default/Coup – 1999
- > Turkish Banking Crisis – 2000/2001
- > Argentine Default – 2002
- > Brazilian Elections – 2002
- > Venezuela Crisis – 2002/2003
- > Several Corporate Related Defaults



Fitch-Rated Emerging Markets Future Flow Deal Performance

(0.65% Default Rate)

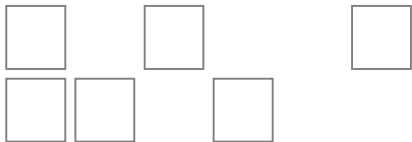
	No. of Deals	Defaults	Paid Down
1991	1	0	1
1992	2	0	2
1993	3	0	3
1994	6	0	6
1995	17	0	17
1996	21	0	19
1997	16	1	12
1998	12	0	5
1999	18	0	9
2000	15	0	7
2001	4	0	0
2002	10	0	1
2003	17	0	0
2004	14	0	0
TOTAL	156	1	82

Default Probabilities – Corporate Default Rates

Rating	Time Periods (years)									
	1	2	3	4	5	6	7	8	9	10
AAA	0.00%	0.00%	0.02%	0.03%	0.05%	0.08%	0.10%	0.13%	0.16%	0.19%
AA+	0.00%	0.02%	0.05%	0.13%	0.19%	0.26%	0.33%	0.40%	0.48%	0.57%
AA	0.01%	0.02%	0.07%	0.16%	0.26%	0.38%	0.49%	0.62%	0.75%	0.89%
AA-	0.01%	0.05%	0.13%	0.23%	0.36%	0.51%	0.66%	0.82%	0.98%	1.15%
A+	0.03%	0.11%	0.22%	0.37%	0.56%	0.76%	0.98%	1.20%	1.43%	1.65%
A	0.04%	0.13%	0.26%	0.43%	0.62%	0.84%	1.07%	1.32%	1.58%	1.85%
A-	0.08%	0.23%	0.42%	0.66%	0.92%	1.20%	1.49%	1.80%	2.12%	2.44%
BBB+	0.12%	0.32%	0.57%	0.87%	1.20%	1.55%	1.93%	2.32%	2.72%	3.13%
BBB	0.21%	0.54%	0.91%	1.32%	1.89%	2.30%	2.67%	2.97%	3.34%	3.74%
BBB-	0.42%	1.07%	1.87%	2.74%	3.63%	4.48%	5.27%	6.00%	6.66%	7.26%
BB+	0.72%	1.89%	3.20%	4.52%	5.74%	6.85%	7.84%	8.75%	9.47%	10.18%
BB	1.46%	3.08%	4.79%	6.51%	8.11%	9.48%	10.69%	11.78%	12.71%	13.53%
BB-	2.80%	5.19%	7.48%	10.63%	12.50%	14.06%	15.36%	16.44%	17.46%	18.46%
B+	4.15%	8.81%	12.54%	15.02%	17.09%	18.86%	20.05%	21.51%	22.22%	22.84%
B	5.71%	11.75%	16.29%	19.12%	21.36%	23.36%	24.51%	26.26%	26.98%	27.67%
B-	10.55%	16.81%	20.89%	24.60%	27.08%	29.20%	29.99%	32.12%	33.50%	34.98%
CCC+	15.93%	22.52%	26.14%	30.86%	33.64%	35.90%	37.38%	38.87%	41.00%	43.36%
CCC	17.83%	25.20%	29.25%	34.53%	37.64%	40.16%	41.82%	43.50%	45.87%	48.52%

Performance Conclusions for Cross- Border EM Structured Finance

- > While EM Structured asset class is relatively new and has limited track record there have been several stresses and as a whole performed consistent with ratings.
- > Given the equivalent rating and tenor, the default rates for all EM Cross-Border transactions is similar to Corporate default rates
- > Given the equivalent rating and tenor, the default rates for Structures which involved domestic revenues or assets performed worse than Corporates
- > Given the equivalent rating and tenor, the default rates for Future Flow structures have performed better than Corporates and much better than ratings designated



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