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Greece woos investors to extract trapped value in Hellenic.  
Euroweek, 11/18/2005, Issue 930, p60-60, 1/2p, 1 Chart;  
Abstract: The article presents an update on structured finance as of November 2005. A consent solicitation for bondholders of Hellenic Securitisation was launched by JP Morgan. A public securitisation of restructured consumer loans for Creatis is being marketed by Calyon. SG has released a securitisation of a portfolio of loans to small and medium sized enterprises for La Caixa.; (AN 20602507)

**Database:**

Business Source Premier

**Section:** STRUCTURED FINANCE**Greece woos investors to extract trapped value in Hellenic**

JP Morgan this week launched a consent solicitation for bondholders of Hellenic Securitisation, the Greek government's first ever securitisation.

Launched in November 2000, the Eu740m deal securitised the dividends from the state owned Consignment Deposits and Loans Fund. The deal was envisaged as a means of raising funds without increasing debt, but was reclassified along with several other transactions after Eurostat set out new guidelines for the balance sheet treatment of government securitisations.

Hellenic Securitisation carries several features implying a far from complete risk transfer -- the government retains the first 30% of dividends as credit enhancement, and the government provided an irrevocable guarantee of the securitisation cashflows, though not the bonds directly. This enabled the notes to receive a 0% risk weighting in many jurisdictions.

Since the government is no longer receiving the benefits of off balance sheet treatment it has decided to claw back some of the capital tied up in the transaction. It is seeking bondholders' consent to allow the government to use its 30% share of the dividends and CDLF's distributable reserves for non-securitisation purposes. If the amendments are approved, the deal will still carry the same guarantee.

Noteholders granting approval before December 6 will receive a 5bp consent payment, should the proposal be passed. Two thirds of noteholders present must approve the proposal for it to pass, while the quorum is 50% for the first meeting.

\* Calyon is marketing an unusual public securitisation of restructured French consumer loans for Creatis, a financial institution owned by Dexia and the Municipality of Lille.

Moody's, the only agency that has rated the deal, notes that there is limited historical data. This is mitigated in part by the agency's conservative default rate assumptions, and high levels of credit enhancement -- the triple-A bonds account for 46% subordination. There are also extremely strict eligibility criteria -- all the loans are guaranteed by MNCAP-AC, and benefit from life and disability

insurance. Some 87% of the pool is secured by a salary assignment, under which the borrower's employer pays part of the borrower's salary directly to the lender.

It should provide investors with both diversity and a handsome premium to other consumer ABS.

\* SG this week launched a securitisation of a Eu656.3m portfolio of loans to small and medium sized enterprises for La Caixa.

The deal is the first this year to be supported by a guarantee from the Generalitat de Catalunya, which is stepping in with Eu1.5bn to make up for the cut in guarantees from the Spanish treasury. The guarantee accorded the Eu449.3m A3(G) tranche a 20% risk weighting, enabling the four year triple-A tranche to achieve a spread of 3bp over Euribor. The unguaranteed 1.6 year senior tranche, rated Aaa/AA+, came at 10bp over.

### Foncaixa FTGencat 3

Legend for Chart:

- A - Class
- B - Amount
- C - Ratings (M/S&P/F)
- D - Ave life (yrs)
- E - Expected maturity
- F - Issue/re-offer price
- G - Coupon

A	B	C	D	E	F G
A1	Eu175.5m	Aaa/-/AA+	1.6		100.0 3E0+10bp
A2(G)	Eu449.3m(*)	Aaa/-/AAA	4.1		100.0 3E0+3bp
B	Eu10.7m	A1/-/AA	5.1		100.0 3E0+25bp
C	Eu7.8m	Baa2/-/BBB+	5.1		100.0 3E0+60bp
D	Eu6.5m	Ba2/-/BB+	5.1		100.0 3E0+270bp
E	Eu6.5m	C/-/CCC-	6.5	100.0	

not offered

Launched 15 Nov 2005 Closing 17 Nov 2005

Legal maturity 1 Sep 2038

(\*) Guaranteed by the Generalitat de Catalunya

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