

**Rating Action: Moody's assigns A1 (sf) rating to new series issued by Banco Bradesco's MT100 electronic remittance program in Brazil**

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Global Credit Research - 23 Aug 2010

New York, August 23, 2010 -- Moody's Investors Service has assigned a global foreign currency rating of A1 (sf) to the Series 2010-1, ("the Notes") issued by International Diversified Payment Rights Company (the SPC). The Notes, which have an aggregate principal balance of U.S.\$175 million, are backed by future U.S. dollar cash flows generated by the MT100 electronic remittance business of the Brazilian bank Banco Bradesco S.A. The SPC was established for the purpose of this program by Banco Bradesco, which is the originator of and the servicer for the receipts.

Issuer: International Diversified Payment Rights Company

U.S.\$175,000,000 Series 2010-1 Floating Rate Notes due 2017, rated A1 (sf)

**RATINGS RATIONALE**

Moody's also notes that the issuance of the additional series, in and of itself and at this time, did not result in the downgrade or withdrawal of its A1 (sf) foreign currency rating currently assigned to the Series 2003-1 Notes, Series 2004-1 Notes, Series 2007-1 Notes, Series 2007-2 Notes, Series 2007-3 Notes, and Series 2007-4 Notes issued by the SPC. Moody's understands that the Series 2009-1 notes will be prepaid in full with proceeds of this issuance and as such the current A1 (sf) rating assigned to the 2009-1 Notes will be withdrawn. Moody's believes that the issuance of the Notes does not have an adverse effect on the credit quality of the outstanding rated securities. Moody's did not express an opinion as to whether these changes could have other, non credit-related effects.

When rating financial future flow transactions backed by diversified payment rights, Moody's considers the characteristics and historical remittance collections backing the transaction as well as the structural mechanisms incorporated which mitigate various risks such as originator risk and sovereign risk, among others. Moody's also focuses on the credit strength of the originating bank and its ability to generate the flows in the future. The A1 (sf) rating assigned to the Series 2010-1 is based primarily on the following factors:

- The financial and operational strength of Banco Bradesco S.A. and its prominent position in the Brazilian banking system;
- The historical volumes generated by Banco Bradesco's MT100 electronic remittance business;
- The nature of the underlying future receipts - that is, the generation of the receipts through electronic means and the off-shore cash settlement process;
- The high quarterly and monthly ratio of remittance cash flows to maximum scheduled debt service of 60x and 65x on a stressed proforma basis, based on strong cash flows generated by commercial and personal payments to non-financial institution beneficiaries in Brazil;
- The participation and strength of Bradesco's network of non-affiliated correspondent banks, including those nine which signed acknowledgments committing to pay all amounts otherwise owing to Bradesco in respect of US dollar-denominated MT100s to the trustee;
- Structural and legal protections incorporated in the transaction, including required minimum debt service coverage ratios, which, if not met, can trigger the early amortization of the notes, and the true sale of all of Bradesco's existing and future U.S. dollar-denominated MT100 money transfers to the SPC.

Some of the factors which could lead to a downgrade of the Series issued by International Diversified Payment Rights Master Trust include a downgrade of the originator's local currency rating, a deterioration in Bradesco's MT100 remittance business, an event risk with respect to the credit quality of Bradesco or operational missteps of certain key parties to the transaction such as the servicer or the trustee.

Moody's Investors Service did not receive or take into account a third party due diligence report on the underlying assets or financial instruments in this transaction.

The principal methodologies used in rating the Series under the International Diversified Payment Rights Company were "Moody's Approach to Rating Diversified Payment Right Securitizations", published in March 2009 and "V-Scores and Parameter Sensitivities in the Latin American Cross-Border Future Flows Sector" rating methodology published May 11, 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

The V Score that Moody's has assigned to the notes indicates a Low/Medium uncertainty about critical assumptions, in line with the V scores of the financial future flow sector. V Scores are a relative assessment of the quality of available credit information and of the degree of dependence on various assumptions used in determining the rating. High variability in key assumptions could expose a rating to more likelihood of rating changes.

The factors contributing to a Low/Medium V Score are low performance variability, low market value sensitivity, low analytical and transaction complexity and low/medium ongoing disclosure of securitization performance. The V Score also indicates Medium assessments for the quality of historical data and legal and regulatory uncertainty, in line with the sector, as Latin American originators are subject to local regulations in their jurisdictions and there is a degree of uncertainty if unforeseen regulatory or legal changes are imposed. V Scores are intended to rank transactions by the potential for significant rating changes owing to uncertainty around the assumptions due to data quality, historical performance, the level of disclosure, transaction complexity, the modeling and the transaction governance that underlie the ratings.

When analyzing the transaction's cash flows and applying parameter sensitivities, Moody's used assumptions of 25%, 50% and 75% reductions of Proforma Quarterly Debt Service Coverage ratios of 65 times (the Proforma Debt Service Coverage ratio takes into consideration the most recent 12 months of collections and compares it with the highest monthly debt service payment during the life of the notes using a stress

interest rate of 8% for all series with variable interest rates). Under these stressed scenarios Moody's concluded that the transaction's rating would not change from the A1 rating currently assigned to the new issuance of notes. These parameter sensitivities take into consideration a decrease of the flows caused by leveraging of the program, and not by volatility resulting from any sudden deterioration of the banks' remittance business or bank's event risk stemming from Bradesco's possible diminished credit quality.

Parameter Sensitivity results for this transaction are not modeled indicated ratings, but rather, qualitative assessments that have been determined by a committee. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might have differed if key rating input parameters were varied.

#### REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

Moody's Investors Service considers the quality of information available on the issuer or obligation satisfactory for the purposes of assigning a credit rating.

In addition, Moody's publishes a weekly summary of structure finance credit, ratings and methodologies available to all registered users of our website, at [www.moody.com/SFQuick Check](http://www.moody.com/SFQuick Check).

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