

FONCAIXA FTGENCAT 7

ABS/SME Loans/Spain

Closing Date

1 October 2009

Contacts

Antonio Tena
+34 91 702 6681
Antonio.Tena@Moody's.com
Benedicte Pfister
+44 207 772 8629
Benedicte.Pfister@Moody's.com

Client Service Desk

London: +44 20 7772-5454
Madrid: +34 91 414-3161
clientservices.emea@moody's.com
New York: +1 212 553-1653

Monitoring

monitor.abs@moody's.com

Website

www.moody's.com

Definitive Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordi-nation	Reserve fund	Total Credit Enhance-ment*
AS	Aaa	€174.0	17.40	Aug 51	3mEur +0.5%	82.6%	15.5%	98.10%
AG	Aaa	€696.0	69.60	Aug 51	3mEur +0.3%	13.0%	15.5%	28.50%
B	A3	€25.0	2.50	Aug 51	3mEur +1.25%	10.5%	15.5%	26.00%
C	Baa3	€105.0	10.50	Aug 51	3mEur +1.75%	0.0%	15.5%	15.50%
Total		€1,000.0	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 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.

* No benefit attributed to excess spread.

Vscore for the sector:	Medium/High
Vscore for the subject transaction:	Medium/High

The subject transaction is a cash securitisation of small and medium enterprises (SME) extended to obligors located in Spain and is a static structure. The portfolio comprises drawdowns under lines of credits and commercial loans, some secured by real estate and some unsecured, used to fund general working capital and long-term business expansion.

Asset Summary

Sellers/Originators:	La Caixa (Aa2/P-1/B- negative outlook)
Servicer(s):	La Caixa (Aa2/P-1/B- negative outlook)
Receivables:	Loans and drawdowns under lines of credit to Spanish small and medium enterprises and self-employed individuals
Methodology Used:	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 Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890) Moody's Approach to Rating CDOs of SMEs in Europe, February 2007 (SF90480)
Model Used:	CDOROM & ABSROM
Total Amount:	€999,999,945
Length of Revolving Period:	Static
Number of Loans:	29,901
Number of Borrowers:	16,105
Effective Number:	2,010
WA Remaining Term:	13.4 years
WA Seasoning:	2.1 years
WAL Years:	7.8 years (assuming 0% CPR)
Interest Basis:	4.55%



Asset Summary (continued)

WA Current LTV (First Lien)*:	Considering the current drawdown amounts under the line of credits: 57.7% Considering the maximum drawable amounts under the line of credits: 61.6%
Delinquency Status:	No loan more than 30 days in arrears at closing 2.05% of loans between 1 and 30 days in arrears as of closing
Default Rate Observed:	Historical information not provided
Recovery Rate Observed:	Historical information not provided
Coefficient of Variation:	Historical information not provided

*La Caixa has not provided information on prior ranks for the second-lien mortgage loans in the portfolio

Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	0.96% gross spread yield by the portfolio (from the 85.7% of floating interest rate loans)
Credit Enhancement/Reserves:	Spread yield by the portfolio 15.5% reserve fund Subordination of the notes Guarantee of the <i>Generalitat</i> of Catalonia (Aa2) for Series AG
Form of Liquidity:	Cash reserve
Number of Interest Payments Covered by Liquidity:	N/A
% of Reserve Fund Dedicated to Liquidity:	N/A
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	25 January, 25 April, 25 July, 25 October First payment date: 25 January 2010
Hedging Arrangements:	Interest rate swap covering the interest rate risk

Counterparties

Issuer:	FONCAIXA FTGENCAT 7 FTA
Sellers/Originators:	La Caixa (Aa2/P-1/B- negative outlook)
Servicer:	La Caixa (Aa2/P-1/B- negative outlook)
Back-up Servicer:	N/A
Back-up Servicer Facilitator:	N/A
Cash Manager:	GESTICAIXA S.G.F.T; S.A
Back-up Cash Manager:	N/A
Interest Rate Swap Counterparty:	N/A
F/X Swap Counterparty:	N/A
Basis Counterparty:	N/A
Issuer Account Bank:	La Caixa (Aa2/P-1/B- negative outlook)
Collection Account Bank:	La Caixa (Aa2/P-1/B- negative outlook)
Paying Agent:	La Caixa (Aa2/P-1/B- negative outlook)
Note Trustee (Management Company):	GESTICAIXA S.G.F.T; S.A (N.R)
Issuer Administrator:	GESTICAIXA S.G.F.T; S.A (N.R)
Arranger:	La Caixa (Aa2/P-1/B- negative outlook)
Lead Managers:	La Caixa (Aa2/P-1/B- negative outlook)
Other Parties:	N/A

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	First SME securitization of further drawdowns under the line of credit "Credito Abierto". Former SME securitizations from La Caixa only included the first drawdowns of such products.
Degree of Linkage to Originator:	La Caixa will act as servicer (a back-up servicer will be appointed if La Caixa is downgraded below Baa3).
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	Eight precedent SME transactions originated by La Caixa.
% of Book Securitised:	14% (this deal represents 1.5% of the total SME portfolio)
Behaviour of Precedent Transactions:	The performance of previous SME deals originated by La Caixa is better than the market average.

Key Differences between Subject and Precedent Transactions:

Real estate developers represent 18.8% of the portfolio, while they were excluded from the former two La Caixa deals. The second key difference is the significantly longer WA life (7.7 years).

Portfolio Relative Performance:

Default Rate Assumed/Ranking: 17.3%/ lower than peer group. Comparison on Default Rate can be found in “Benchmark Analysis”.

Coefficient of Variation Assumed on Default Rate/Ranking: 45%/average volatility for peer group. Comparison on Default Rate can be found in “Benchmark Analysis”.

Recovery Rate Assumed/Ranking: 58%/Higher than peer group. Comparison on Default Rate can be found in “Benchmark Analysis”.

Delinquencies Observed in Portfolio: There are no loans more than 30 days at closing.
Loans less than 30 days in arrears represent 2.05% of the definitive pool at closing.

Comment

Potential Rating Sensitivity:

Chart Interpretation: When the rating was assigned, the model output indicated that Class AG would have achieved a “Aa range” rating even if the cumulative mean DP was as high as 24.3% and even assuming a recovery rate as low as 48%, whilst the Class B and Class C would have been **Ba1** and **B1** respectively, in the same scenario.

Factors Which Could Lead to a Downgrade: In addition to the counterparty linkage, the following factors may have a significant impact on the subject transaction’s ratings: further deterioration in the real estate market (beyond the recovery lag and stress that was modelled) and regulatory changes.

Table 1:

		Recovery Rate		
		58%	53%	48%
CLASS AS	Portfolio WA Rating Assumption ³			
	Ba3- (17.3%) ⁴	Aaa*	Aaa (0)	Aaa (0)
	B1 (20.8%) ⁴	Aaa (0)	Aaa (0)	Aaa (0)
	B2 (24.3%) ⁴	Aaa (0)	Aaa (0)	Aaa (0)
CLASS AG	Portfolio WA Rating Assumption ³			
	Ba3- (17.3%) ⁴	Aaa*	Aa1 (1)	Aa1 (1)
	B1 (20.8%) ⁴	Aaa (0)	Aa1 (1)	Aa2 (2)
	B2 (24.3%) ⁴	Aa1 (1)	Aa2 (2)	Aa3 (3)
CLASS B	Portfolio WA Rating Assumption ³			
	Ba3- (17.3%) ⁴	A3*	A3 (0)	A3 (0)
	B1 (20.8%) ⁴	Baa2 (2)	Baa2 (2)	Baa2 (2)
	B2 (24.3%) ⁴	Ba1 (4)	Ba1 (4)	Ba1 (4)
CLASS C	Portfolio WA Rating Assumption ³			
	Ba3- (17.3%) ⁴	Baa3*	Baa3 (0)	Baa3 (0)
	B1 (20.8%) ⁴	Ba3 (3)	Ba3 (3)	Ba3 (3)
	B2 (24.3%) ⁴	B1 (4)	B1 (4)	B1 (4)

1. Results are model-indicated ratings, which are one of the many inputs considered by rating committees, which take quantitative and qualitative factors into account in determining actual ratings. 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.

2. Results under base case assumptions indicated by ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.

3. Moody's estimates a cumulative mean DP for the portfolio and the corresponding proxy rating applying its SME methodology, please refer to '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' published in March 2009.

4. Weighted-average portfolio proxy rating over the pool WAL corresponding to the cumulative default probability assumed (weighted-average life of the portfolio - WAL: 7.8 years)

Composite V Score

Breakdown of the V Scores Assigned to	Sector	Transaction	Remarks
Composite Score: Low, Medium or High	M/H	M/H	
1 Sector Historical Data Adequacy and Performance Variability	M/H	M/H	
1.1 Quality of Historical Data for the Sector	M/H	M/H	
1.2 Sector's Historical Performance Variability	M/H	M/H	
1.3 Sector's Historical Downgrade Rate	M/H	M/H	
2 Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure	M/H	M/H	
2.1 Quality of Historical Data for the Issuer/Sponsor/ Originator	M/H	M/H	<ul style="list-style-type: none"> – Same as sector score. – Moody's has received data from 2004 through 2008 on delinquencies over 90 days, split by class of debtors (micro-enterprise, small and medium enterprise and self-employed individuals) and by product (loan vs line of credit). – However, no dynamic historical information has been made available. – This level of information is limited as historical information available does not cover a severe stress scenario (uncertainty whether past performance adequately reflects future performance). – No historical information received on recoveries, though the LGD has been provided line by line. – The information received on prepayments refers to the securitised portfolios.
2.2 Issuer/Sponsor/Originator's Historical Performance Variability	M/H	L	<ul style="list-style-type: none"> – La Caixa has the lowest default rate among Spanish originators. In addition, the current crisis has impacted La Caixa less than its peers.
2.3 Disclosure of Securitisation Collateral Pool Characteristics	L/M	L	<ul style="list-style-type: none"> – Detailed loan-by-loan data on an extensive list of fields has been provided for the analysis of the transaction. – Information on La Caixa's internal rating system (certified by the Bank of Spain) has provided line by line: scoring, DPs, LGD, risk segments.
2.4 Disclosure of Securitisation Performance	M	M	<ul style="list-style-type: none"> – Same as sector score. – As for most deals in this mature market, Moody's has not received a specific template for the monitoring report. Expectations are that the management company Gesticaixa will continue providing at least the same amount and quality of data as it is currently doing for previous deals.
3 Complexity and Market Value Sensitivity	M	M	<ul style="list-style-type: none"> – Same as sector score.
3.1 Transaction Complexity	M	M	<ul style="list-style-type: none"> – Same as sector score.
3.2 Analytic Complexity	M	M	<ul style="list-style-type: none"> – Same as sector score.
3.3 Market Value Sensitivity	M	M	<ul style="list-style-type: none"> – Same as sector score.
4 Governance	L/M	L/M	
4.1 Experience of, Arrangements Among and Oversight of Transaction Parties	L/M	L/M	<ul style="list-style-type: none"> – Same as sector score.
4.2 Back-up Servicer Arrangement	L	L	<ul style="list-style-type: none"> – Same as sector score: investment grade servicer with "lost of Baa3" to appoint a new back up servicer.
4.3 Alignment of Interests	L/M	L/M	<ul style="list-style-type: none"> – Same as sector score.
4.4 Legal, Regulatory, or Other Uncertainty	L/M	L/M	<ul style="list-style-type: none"> – Same as sector score.

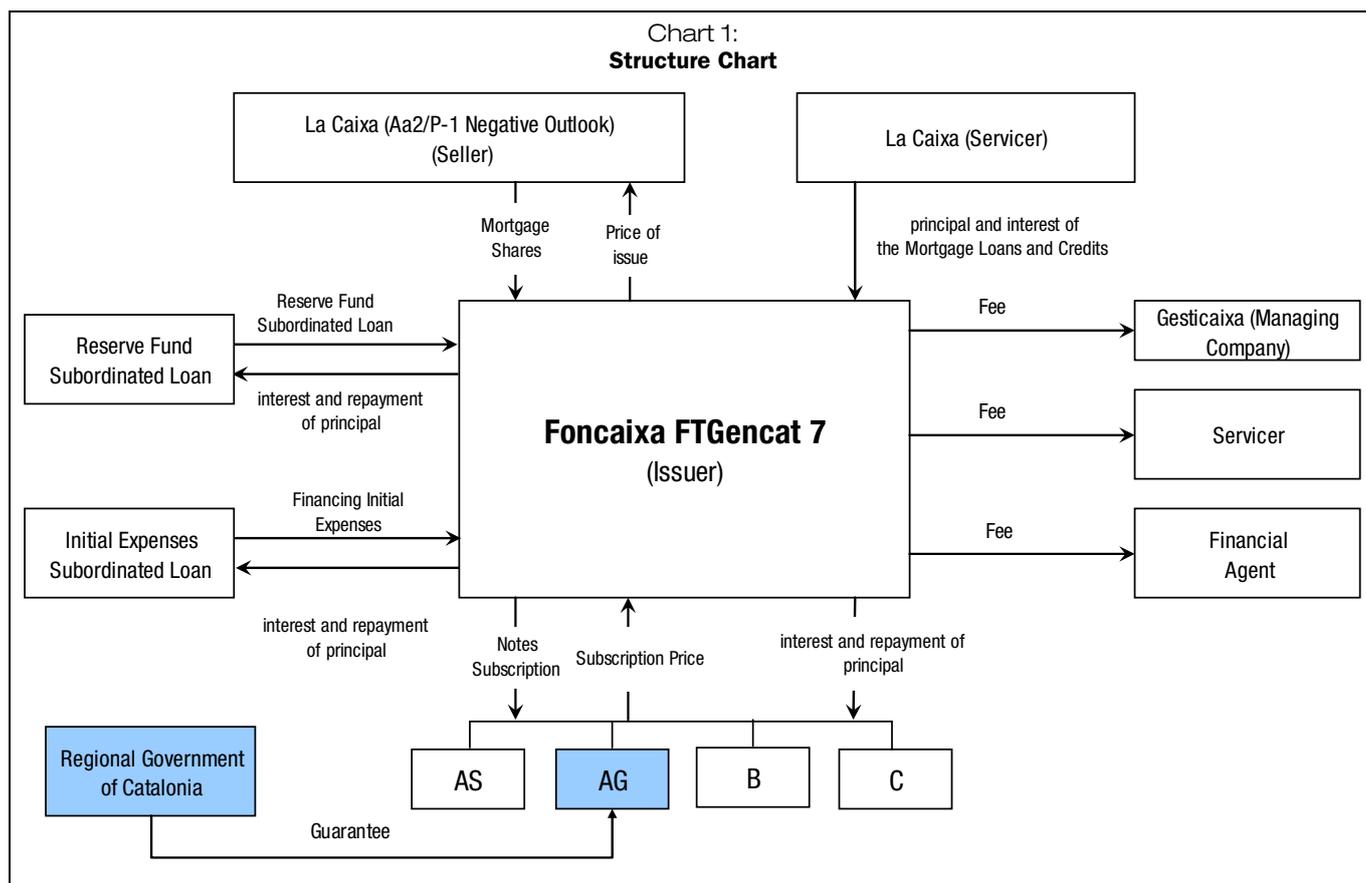
Strengths:

- **Performance of previous La Caixa deals:** Previous SME deals originated by La Caixa show a very strong performance, with delinquency levels below 2% (loans more than 90 days in arrears over current outstanding balance).
- **Portfolio security:** 67.1% of the portfolio is backed by a mortgage guarantee. The majority of these secured loans (71.4%) are backed by residential properties.
- **Hedging:** There is a strong swap agreement provided by La Caixa (Aa2/-1) guaranteeing excess spread of 0.75%.
- **Back-up servicing:** The originator will identify a back-up servicer if La Caixa is downgraded below **Baa3**. At this stage, the back-up servicer will enter into a back up servicer agreement, who will only step in at the discretion of the management company
- **Pro-rata amortisation:** The pro-rata amortisation of Series B will lead to reduced credit enhancement of the senior series in absolute terms. This is mitigated by some triggers, which interrupt the pro-rata amortisation of the notes if the performance of the transaction deteriorates.
- **Guarantee:** Guarantee of the *Generalitat* of Catalonia (**Aa2**) for Series AG. The rating of the series AG is **Aaa** regardless of the guarantee of the *Generalitat* of Catalonia.

Concerns and Mitigants:

Moody's committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- **Exposure to real estate:** 32.8% of the portfolio is exposed to the building and real estate sector (according to Moody's industry classification), and 18.8% correspond to loans granted to real estate developers. This feature has been taken into account in Moody's quantitative analysis as more fully explained in "Treatment of Concerns".
- **Flexible products:** 44.4% of the portfolio corresponds to a flexible product structured as a line of credit (Crédito Abierto PYME), including initial and further draw-downs. This product creates uncertainty in the LTV for the securitised drawdowns.
- **Second-lien loans:** 8.8% of the portfolio corresponds to second-lien loans. The prior ranks on these loans have not been reported.
- **Holiday payments:** The portfolio has a relatively high exposure to lines of credit with holiday payments available (8.4%). As described in the section "Credit Analysis", probabilities of default assumptions were adjusted for loans with these features.
- **Longer tenors:** The portfolio has a relatively long weighted-average remaining term (approximately 13.4 years). This implies a higher degree of uncertainty regarding Moody's quantitative assumptions as more fully explained in "Treatment of Concerns".
- **Regional concentration:** 100% of the portfolio is concentrated in the Catalonia region, following the FTGENCAT programme requirements. This risk is mitigated in part by the fact that this is La Caixa's region of origin, where it has greatest expertise.
- **Commingling Risk:** The structure does not contemplate any commingling reserve if the servicer (La Caixa) is downgraded below Baa3. This risk is mitigated by the high rating of La Caixa (Aa2/P-1).



Allocation of Payments/Waterfall: On each quarterly payment date, the *Fondo's* available funds (i.e. amounts received from the portfolio, the reserve fund, amounts received under the swap agreement, and interest earned on the treasury account) will be applied in the following simplified order of priority:

1. Senior expenses
2. Interest on Series AS and AG
3. Interest on Series B (if not deferred)
4. Interest on Series C (if not deferred)
5. Principal repayment
6. Interest on Class B (if deferred)
7. Interest on Class C (if deferred)
8. Reserve fund replenishment
9. Junior costs

The notes will be amortised pro-rata subject to the amortisation trigger below.

Guarantee on Series AG: As is usual in the FTGENCAT programme, the Regional Government of Catalonia will guarantee the Class AG notes.

Under the guarantee, the regional government covers any amount of interest or principal due and unpaid to the Series AG noteholders. Practically, once a non-payment to Class AG is anticipated on a determination date, the

management company will call on the guarantee for the relevant amount.

Moody's analysis on Series AG resulted in a Aaa rating regardless of this guarantee.

Allocation of Payments/PDL like mechanism: A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 12 months or one written off according to management's discretion.

The "artificial write-off" speeds up the amortisation of non-performing loans (NPLs); thus, the amount of notes collateralised by NPLs is minimised, and, consequently, the negative carry. However, the most significant 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.

Performance Triggers:

Trigger	Conditions	Remedies/Cure
Interest Deferral Trigger	<ul style="list-style-type: none">Written off loans exceeds 21.0% and 18.8% for Series B and C respectively.	<ul style="list-style-type: none">Interest payments on Series B and/or C notes will be brought to a more junior position on the waterfall and will be paid after the more senior series principal.After Class A paid in full.
Pro-rata amortisation	<ul style="list-style-type: none">The arrears level (defined as the percentage of non-written off loans more than 90 days in arrears) exceeds 1.25% and 1.00% for Series B and C.The reserve fund was not at its required level on the previous payment date.The portfolio balance is less than 10% of the initial portfolio balance.	Switch to sequential amortisation.
Reserve Fund Amortisation	<ul style="list-style-type: none">The arrears level (defined as the percentage of non-written-off loans that are more than 90 days in arrears) exceeds 1% orThe reserve fund was not at its required level on the previous payment date.	The target amount of the reserve fund will not be reduced on any payment date on which these occur.
Pro-rata amortisation on Series-AS and AG	The aggregated outstanding amount of Series AS and AG plus the amount due to the <i>Generalitat</i> of Catalonia guarantee by reason of principal is equal to or greater than the outstanding amount of performing loans (including loans up to 90 days in arrears).	Series AS and AG (as well as amounts due to the <i>Generalitat</i> of Catalonia guarantee in concept of principal) will amortise pro-rata.

Reserve Fund: The reserve fund will be funded up front with a subordinated loan, granted by the originator for an amount equal to 15.5% of the notes. It will provide both credit and liquidity protection to the notes.

After the first three years from closing, the reserve fund may amortise over the life of the transaction to the higher of the following amounts subject to the reserve fund trigger above:

- 31% of the outstanding balance of the notes
- 7.75% of the initial balance of the notes

It will be used to cover potential shortfalls on interest or principal on an ongoing basis.

Subordination of interest: 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 conditions in the table above are met.

Assets:

Asset transfer:

True Sale: According to the legal opinion received, a true sale securitisation of assets will be carried out in compliance with the Spanish securitisation law.

Bankruptcy remoteness: Under the Spanish Securitisation Law, a Spanish SPV (*Fondo FTA/FTH*) is not subject to the Spanish Insolvency Law. Only the management company, acting in the best interest of the noteholders, may decide to liquidate the SPV.

Claw-back risk upon default of the originator: Claw-back risk is limited to those activities performed during the two years before the declaration of the bankruptcy state, even in the absence of fraud. However, the activities performed under the regular activity of the originator cannot be cancelled as the transfer of credit rights forms part of the normal activity of La Caixa.

Interest rate mismatch: The structure is exposed to basis risk. The interest payable on the notes pays three-month EURIBOR, while the loans are mostly linked to 12-month EURIBOR.

Mitigant: The *Fondo* will enter into a swap agreement with La Caixa to mitigate these risks and obtain a minimum level of excess spread. Under the swap agreement:

- The *Fondo* will pay the actual amount of interest received from the loans since the previous payment date.
- The swap counterparty will pay the weighted-average interest rate on the notes plus 75 bps, over a notional calculated as the outstanding amount of the non written-off loans (daily average) net of the outstanding amount of the loans which are more than 90 days. Additionally, the swap counterparty will pay the servicer fee due on that payment date if La Caixa is replaced as servicer.

The *Fondo* will be exposed to reductions in the notional due to loans rolling into arrears over 90 days. If these loans become current again, the arrears amount received from borrowers would be passed on to the swap counterparty.

Cash Commingling: La Caixa collects all of the payments under the loans in its portfolio under a direct debit scheme into its account and transfers them to a treasury account in the name of the SPV daily. As a result, in the event of insolvency of La Caixa, until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by La Caixa and may be commingled with other funds belonging to La Caixa.

The transaction does not contemplate any commingling reserve if La Caixa's financial strength deteriorates as protection if there is collections are disrupted (if the

servicer does not transfer received collections to the *Fondo*).

Mitigant: Payments are transferred daily to the treasury account in the name of the SPV held by La Caixa.

- Triggers are in place to protect the treasury account from a possible downgrade of the GIC provider's short-term rating. If La Caixa's short-term rating falls below P-1, it will have find a suitably rated guarantor or substitute.
- La Caixa's current high rating (Aa2/P-1, negative outlook) is a significant mitigant of the insolvency risk.
- La Caixa may notify the debtors of the transfer of the loans in order to perfect the sale. The management company also has the ability to carry out the notification.

Set off: 100% of obligors have accounts with the seller.

Mitigant: Set off is very limited because only unpaid installments prior to the declaration of insolvency might be offset against the deposits hold by the debtors (considered as fully due and payable prior to the insolvency).

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:

Originator Background:

Rating:	La Caixa (Aa2/P-1/B- negative outlook)
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	N/A
Asset Size:	68.5 billion of loans and credit to SMEs
% of Total Book Securitised:	Around 14%
Transaction as % of Total Book:	1.5%
% of Transaction Retained:	100%

Servicer & Back-Up Servicer Background:

Servicer and Its Rating:	La Caixa (Aa2/P-1/B- negative outlook)
Total Number of Receivables Serviced:	N/A
Number of Staff:	27,637 (5,339 branches)
Servicer Assessment:	
Strength of Back-up Servicer Arrangement:	N/A
Back-up Servicer and Its Rating:	N/A
Ownership Structure:	N/A
Regulated by:	N/A
Total Number of Receivables Serviced:	N/A
Number of Staff:	

Originator Related Triggers

Key Servicer Termination Events:	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	Loss of La Caixa's Baa3 rating
Key Cash Manager Termination Events:	Insolvency
Notification of Obligor of True Sale	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Conversion to Daily Sweep	None (sweep is done daily).
Notification of Redirection of Payments to SPV's Account	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Accumulation of Set Off Reserve	N/A

Receivable Administration:

Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	Spread over the month

Cash Manager:

Cash Manager and Its Rating:	Gesticaixa S.G.F.T; S.A (N.R)
Main Responsibilities:	<ul style="list-style-type: none"> – Keeping the Fund's accounts separate from the management company's. – Complying with its formal, documentary and reporting duties to the CNMV, the rating agencies and any other supervisory body. – Appointing and, if necessary, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts. – Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in the Prospectus. – Checking that the mortgage credit income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of issue of the pass-through certificates and on the terms of the relevant mortgage credits. – Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date. – Watching that the amounts credited to the treasury account return the yield set in the agreement.

- Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the bonds.
- Calculating the available funds, the available funds for amortisation of Series AS, AG, B and C, the liquidation available funds and the payment or withholding obligations to be complied with, and applying the same in the priority of payments or, as the case may be, in the liquidation priority of payments.
- The management company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as necessary, each of the Fund service providers on the terms provided for in each agreement.

Calculation Timeline:

Determination Date: Three days before the payment date.

Back-up Cash Manager and Its Rating:

N/A

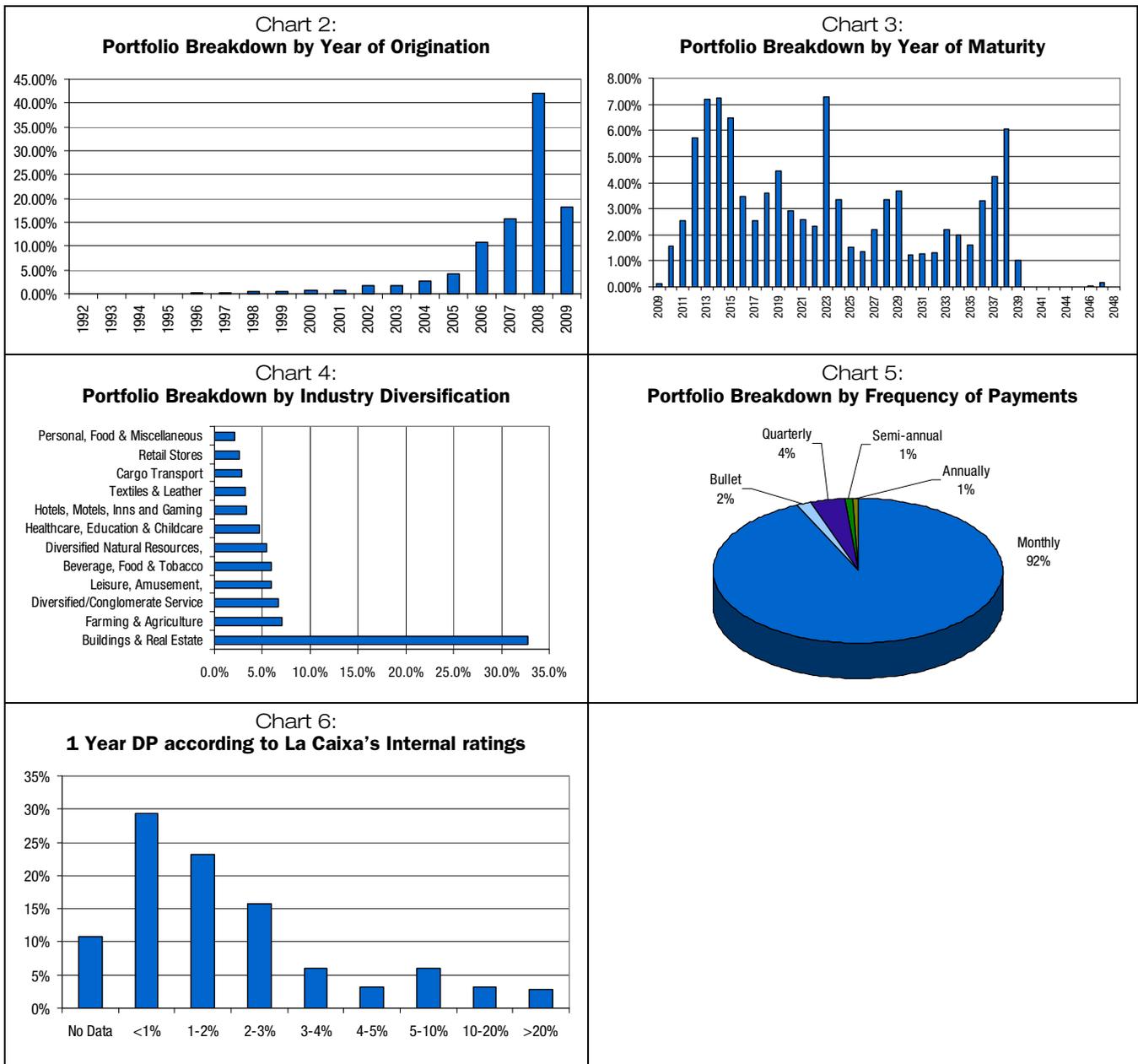
Main Responsibilities of Back-up Cash Manager:

N/A

Other Key Counterparty

Main responsibilities

Collateral Description



Audits: Performed by Deloitte in compliance with the Spanish regulatory framework.

Product Description: The portfolio consists of commercial loans extended to Spanish SMEs, some secured by real estate mortgage and some unsecured, to fund general working capital and long term business expansion. The portfolio breakdown by company size is 64.2% self-employed and micro-enterprises (turnover less than €1 million), 28.0% small enterprises (turnover between €1 million and €9 million), 7.8% medium enterprises (turnover between €9 million and €50 million). The tenor of the product varies (from 1 to 30 years) depending on the purpose of the loans. Loans are either subject to constant amortisation (around 12% of the portfolio) or standard amortising loans (French amortisation, 86%), with a small amount of bullet loans (1.6%).

Lines of credit: 44.4% of the definitive portfolio comprises initial (24.6%) and successive (19.8%) drawdowns under a product commercialised as “*Crédito Abierto*”.

This *Crédito Abierto* product is set up as a line of credit that is granted for the sole purpose of giving the borrower flexibility in terms of the payment of its mortgage loan.

Borrowers are allowed to withdraw for an amount equal to the already amortised amount, or up to the established credit limit. The products being securitised under this transaction could be first withdrawals (typically used for the purpose of acquiring assets and working asset) or additional drawdowns.

Main features:

1. The subsequent redraws rank pari-passu with the first withdraw in case of execution.
2. Each client will receive just one monthly instalment, although each different redraw will be stated separately.
3. The first redraw cannot exceed an 80% LTV limit in order to acquire houses. To acquire commercial properties the limit is typically set up at 60% and to acquire other types of assets the limit is 50%. Additional redraws are typically capped at 80% LTV levels for acquiring houses and 50% for the rest of assets.
4. The disposal of second drawdowns is never automatic. La Caixa has full discretion (based on the borrower’s payment history in La Caixa or outside, etc) as to whether a second drawdown is feasible or not.
5. There is a period during the last four years of the life of the loan where subsequent redraws will not be allowed.
6. Loans will have the option of enjoying principal grace periods, either at the beginning or during the life of the credit line. Each borrower has the option to request it for a maximum of 36 months.
7. Loans will have the option of enjoying interest and principal grace periods (holiday payment). Each borrower has the option to request, for a maximum of 12 months, holiday payments during which neither

principal nor interest is paid. Unpaid interest is capitalised at the end of the grace period.

Eligibility Criteria:

The key eligibility criteria are as follows:

- All the loans have been formalised under public deed.
- The loans have repaid at least one instalment.
- All the loans are euro-denominated.
- No loan incorporates deferred payments of interest at closing.
- 100% of the principal of the loans has been drawn.
- All the mortgaged properties are fully developed, in Spain and are covered with an insurance policy.

The pool will not include lease contracts. Unlike precedent deals from La Caixa, real estate developers have not been excluded from the eligibility criteria.

Additional Information on Borrowers:

Top Debtor Concentration:	0.59% of portfolio
Top 5 Debtors:	2.23% of portfolio
Top 10 Debtors:	3.85% of portfolio
Top 25 Debtors:	7.21% of portfolio
Industry Concentration:	32.8% building and real estate; 7.0% Farming&Agriculture
Geographic Diversity:	Catalonia (100%)

Additional Information on Portfolio:

Number of Contracts:	29,901
Type of Contracts:	100% term
Contract Amortisation Style:	86.3% French, 12.1% Constant Amortisation, 1.6% bullet
% Large Corporates:	0%
% Bullet Loans:	1.6%
% Real Estate Developers:	18.8%
WA Interest Rate:	4.55%
WA Internal Rating ⁽¹⁾ :	55
LTV(first-lien) ⁽²⁾ :	61.6%
Guarantees:	Mortgage guarantees: 67.1%; personal guarantees: 32.9%
Mortgage Guarantees:	Commercial: 15.4%; Residential properties: 71.4%; Land: 8.2%

(1)Information available for 89.3% of the portfolio.

(2)Prior ranks not provided for second-lien loans, which are not included in this average. The LTV for lines of credit has been calculated assuming that all these products withdraw the maximum amount possible under each line.

Credit Analysis

Precedent Transactions’ Performance: La Caixa is one of the most active originators in the securitisation of SME loans in Spain. The performance of the originator’s precedent transactions shows the best performance among the Spanish originators in the SME segment. There are no precedents of rating actions in these deals.

As of June 2009, the cumulative 90+ delinquencies (i.e. delinquencies equal or greater than 90 days) for La Caixa’s deals were equal to 0.87%.

Chart 7:
Delinquencies 90 - 360 La Caixa transactions vs Spanish Index

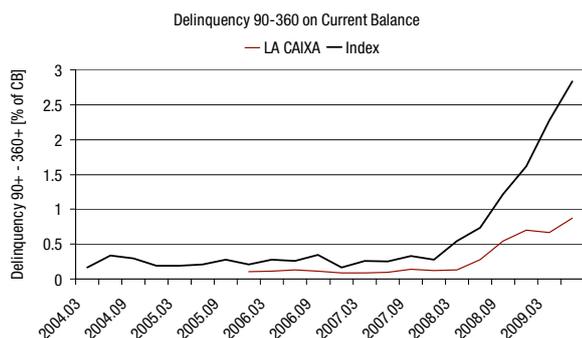


Chart: 8
Delinquencies 90 - 360 in previous La Caixa transactions

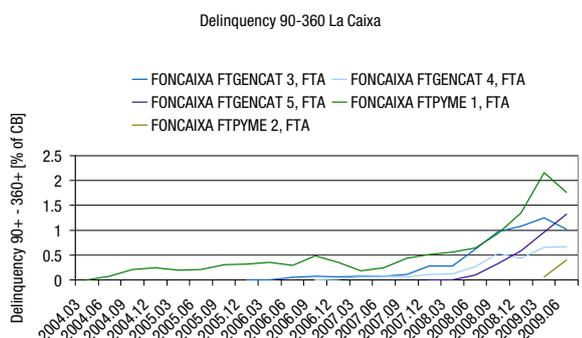
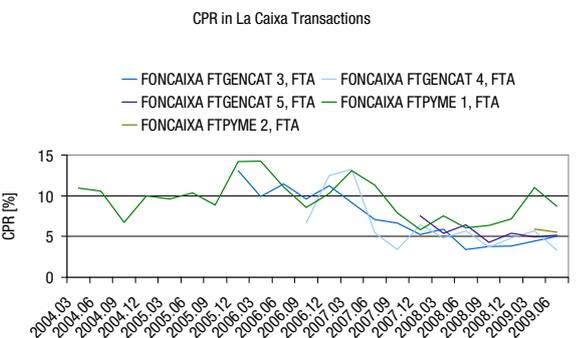


Chart: 9
CPR in previous La Caixa transactions



Default Definition: The definition of a defaulted asset in this transaction is one which is more than 12 months in arrears or where the obligor is bankrupt.

Data Quantity and Content: Moody's has not received data by quarter of origination to calculate a vintage analysis, so it has not been possible to assess a dynamic analysis of defaults. Instead of this dynamic analysis, Moody's has received static information on the current arrears levels for both products (loans and lines of credit), as well as line-by-line information on default probabilities according to La Caixa's internal ratings. In addition, Moody's has received meaningful information about cumulative historical information on previous La Caixa SME deals, as shown in Charts 8 to 10.

Additionally, La Caixa has provided partial information (covering 89% of the definitive portfolio) on the internal

scoring for self-employed and the internal rating for SMEs (see data on former page). The loss given default, according to La Caixa's internal analysis, is equal to 24% of the portfolio amount.

In Moody's view, the quantity of data received is lower than compared to transactions which have achieved high investment grade ratings in this sector, given the lack of a vintage analysis to assess the arrears trend for the loans originated in the same quarter.

Despite this weakness compared to the standard data received in other transactions, Moody's notes that the monitoring information from La Caixa's deals shows a good performance. Moody's monitors a significant number of deals originated by La Caixa.

Assumptions Note other values within a range of the notional amount listed below may result in achieving the same ratings.

Note assumptions & actual amount

CPR	10%
Distribution	Monte Carlo simulation, CDOROM
Default rate:	17.3%
Stdev/mean:	45%
Timing of default:	Flat over first eight years
Recoveries:	Mean 58% (stochastic recoveries)
Recovery lag:	5% (in 1st year) 50% (in 2nd year) 45% (in 3rd year)
Correlation Default/Recoveries	20%
Amortisation profile:	Actual pool amortisation
Fees:	0.50%
Fees floor:	€25,000
EURIBOR:	Forward curves
PDL definition	12 months
Write-off:	12 months

Derivation of default rate assumption: Moody's analysed the performance monitoring data on previous deals as well as other sources of information (i.e. macroeconomic data) to determine the default assumption.

Moody's has complemented the monitoring data analysis with a top-down approach, as detailed below.

Moody's split the portfolio into three sub-pools based on the economic sector in which the debtor was active: (i) construction and building; (ii) real estate developers; and (iii) all other industries. Moody's rating proxies assumed are shown in the table below.

Borrower's main sector of activity	Rating Proxy
Construction & building	Ba3
Real estate developers	B3
Other industries	Ba2

The above assumptions include some adjustments that take into account the current macro-economic environment (generally in the range 1-2 notches) as well as the originator's underwriting ability. La Caixa's default rates are still among the lowest in the Spanish markets (see Chart 12), therefore Moody's has taken into consideration the current performance of La Caixa's SME deals in its assumptions.

Moody's further adjusted the assumptions to account for the size of the companies (one notch down for micro and

small enterprises). Finally, we also adjusted the PD assumptions according to the loan characteristics: for bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing. For loans with a grace period an additional 10% PD stress was applied.

The standard deviation of the default distribution was determined by splitting the portfolio into 35 sectors of activity and assuming a fixed pair-wise correlation parameter where the inter-industry correlation was stressed to 6%.

Derivation of Recovery Rate Assumption: Moody's considers that as the recovery data was compiled during good economic cycles, observed data might overestimate recovery rates during a stressed economic environment.

Assumptions for recoveries were made on the basis of (i) historical information on the Spanish SME market received for this deal, (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other quantitative and pool derived aspects. Regarding the last point, Moody's estimated the recovery rate on the secured portion of the portfolio based on the property valuation data, applying conservative haircuts to take into account house price deflation and associated costs to the recovery process. Moody's has taken into consideration the high proportion of loans backed by mortgage loans (67.1%) with the relatively low WALTV (61.6%) over the maximum drawable amount and the quality of the mortgages (Residential properties 71.4% and commercial 15.4% of the secured loans).

Modelling Approach: Given the number of assets and the size of the exposures in the portfolio (see section entitled "Collateral Description"), Moody's derived the default distribution curves by using the inverse normal density law.

To determine the distribution, two main input parameters needed to be assessed: (i) the mean default probability of the portfolio; and (ii) the standard deviation of the default distribution

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.

Given the number of assets, the relatively low effective number and the size of the largest exposures in the portfolio, Moody's decided to derive the gross default distribution curve through a two-factor Monte Carlo approach with CDOROM, 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.

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

Moody's considered how the cash flow generated by the collateral was allocated to the parties within the transaction, and the extent to which various structural features of the transaction might 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.

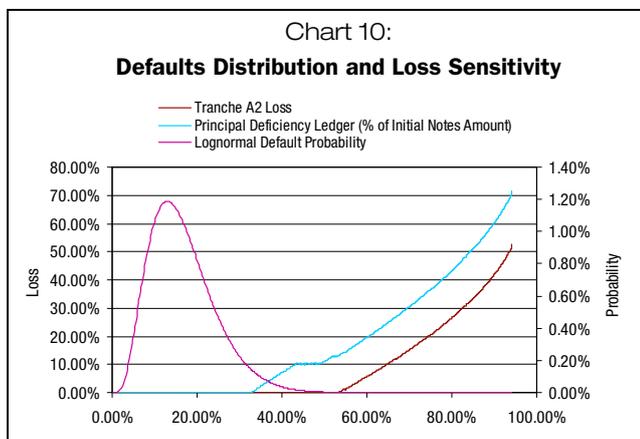
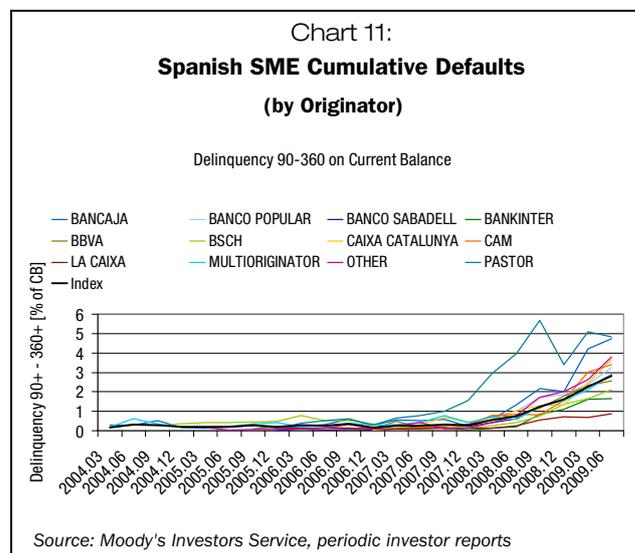
To determine the rating assigned to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payments and relatively size, Moody's built a cash flow model that reproduce many deal-specific characteristics (the main input parameter of the model is described in the table above). Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss average for each series of the 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 the notes.

Treatment of Concerns:

- **Exposure to real estate:** Approximately 32.8% of the portfolio is exposed to the building and real estate sector (according to Moody's industry classification). Moody's assumed a higher default probability for real estate developers (rating proxy equal to B3) and for obligors operating in the real estate industry (rating proxy equal to Ba3), than all other obligors (rating proxy equal to Ba2). La Caixa's default rates have recently deteriorated, although they remain significantly below the market average.
- **Longer tenors:** The portfolio has a relatively long weighted-average remaining term (approximately 13.4 years for SME loans). This implies a higher degree of uncertainty regarding Moody's quantitative assumptions. The longer amortisation profile of the pool was modelled and penalties were assessed for any loan where payments are only made annually or semi-annually.
- **Regional concentration:** 100% of the portfolio is concentrated in the Catalonia region, following the requirements under the FTGENCAT programme. Moody's assumed a higher correlation for pools concentrated in one region of Spain (correlation was stressed to 6%), as opposed to portfolios with lower regional concentration (4% correlation).
- **Lines of Credit:** The portfolio comprises 44.4% of drawdowns under lines of credit. The amount of drawdowns not included in the portfolio (and ranking pari passu with the securitised drawdowns) has not been reported by La Caixa. At the same time, the borrower could require further drawdowns after closing, impacting the LTV of the securitised drawdowns. These facts create a significant

uncertainty in the severity for such products, given the possible increase of the LTV. Moody's assumed a LTV for these lines of credits calculated on the maximum drawable amount instead of the current securitised amount.

- **Holiday Payments and bullet loans:** The portfolio has a relatively high exposure to holiday payments (approximately 11.7% of the pool), while bullet loans represent 1.6%. Only certain lines of credit can benefit from these periods. Moody's has adjusted the PD assumptions according to the loan characteristics: for bullet loans the PD was increased considering an additional one year exposure to default at the time of refinancing.
- **Second-lien mortgage loans:** The portfolio has 8.8% of second-lien loans. Given that La Caixa has not provided the prior ranks with seniority above the second-lien loans, Moody's has adjusted the recovery assumptions for such loans, expecting higher losses compared to first-lien loans.



Benchmark Analysis

Performance Relative to Sector: In Moody's view, the historical performance of 90 days past due compares negatively to other recent transactions in this sector". Chart 12 shows the outstanding proportion of delinquencies in Moody's rated Spanish SME transactions grouped by originator. Please note that performance shown is affected by several factors, such as the age of the transaction, the pool specific characteristics, the presence of a revolving period, etc. The performance of La Caixa's transactions (cumulative defaults) is slightly higher than the index. La Caixa's default rates have recently significantly deteriorated.

Benchmark Table Best practice:

Deal name	Foncaixa FTGENCAT 7	Foncaixa FTPYME 2	Foncaixa Empresas 1	IM Empresas Pastor 7	Sabadell Empresas 4
Country	Spain	Spain	Spain	Spain	Spain
Other countries	No	No	No	No	No
Closing date	October 2009	November 2008	March 2009	April 2009	June 2009
Originator	La Caixa	La Caixa	La Caixa	Banco Pastor	Banco Sabadell
% Fully amortising	98.4%	100%	80.90%	91.44%	100%
% Grace Period	11.7%	9.2%	14%	8.0%	6.0%
Residual Grace Period (months)					
% Bullet Loans	1.60%	0%	4.10%	8.56%	0%
% Revolving Credit Facilities	No	No	No	No	No
Top region %	100%	24.3%	26.0%	25.0%	50.2%
Top industry %	32.8%	18.0%	28.0%	48.0%	31.9%
Industry	Construction & Buiding	Construction & Buiding	Construction & Buiding	Construction & Buiding	Construction & Buiding
WAL	7.8	4.4	4.4	3.7	4.4
Amount in arrears > 30 days total		0% at closing	0% at closing	0% at closing	0% at closing
WA Margin (above swap rate)	0.75%	0.50%	0.75%	0.25% over notes balance	0.25% over notes balance
% Owner Occupied	N/A	NA	NA	NA	NA
Mean	17.3%	10.5%	13%	28.5%	12.5%
LGD	7.3%	4.4%	5.4%	18.5%	7.5%
Equivalent Rating total	Ba3-	Ba3+	B1+	Caa1+	Ba3-
Equivalent Rho (single asset correlation)					
RR Mean total	58%	58%	58%	35%	40%
RR Stdev	20%	20%	20%	Fix RR	Fix RR
Corr Default - Severities	10%	10%	10%	NA	NA
Corr Severities - Severities	10%	10%	10%	NA	NA

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. 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 differ as certain key parameters vary.

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed nine scenarios derived from the combination of mean default rate: 17.3% (base case), 20.8% (base + 3.5%) and 24.3% (base + 7%) and recovery rate: 58% (base case), 53% (base - 5%) and 48% (base - 10%). The 17.3% - 58% scenario represents the base case assumptions used in the initial rating process.

The charts below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches*.

Tranche AS

		Recovery Rate		
Portfolio WA Rating Assumption ³		58%	53%	48%
CLASS A	B3- (17.3%) ⁴	Aaa*	Aaa (0)	Aaa (0)
	B1 (20.8%) ⁴	Aaa (0)	Aaa (0)	Aaa (0)
	B2 (24.3%) ⁴	Aaa (0)	Aaa (0)	Aaa (0)

Tranche AG

		Recovery Rate		
Portfolio WA Rating Assumption ³		58%	53%	48%
CLASS B	B3- (17.3%) ⁴	Aaa*	Aa1 (1)	Aa1 (1)
	B1 (20.8%) ⁴	Aaa (0)	Aa1 (1)	Aa2 (2)
	B2 (24.3%) ⁴	Aa1 (1)	Aa2 (2)	Aa3 (3)

Tranche B

		Recovery Rate		
Portfolio WA Rating Assumption ³		58%	53%	48%
CLASS B	B3- (17.3%) ⁴	A3*	A3 (0)	A3 (0)
	B1 (20.8%) ⁴	Baa2 (2)	Baa2 (2)	Baa2 (2)
	B2 (24.3%) ⁴	Ba1 (4)	Ba1 (4)	Ba1 (4)

Tranche C

		Recovery Rate		
Portfolio WA Rating Assumption ³		58%	53%	48%
CLASS C	B3- (17.3%) ⁴	Baa3*	Baa3 (0)	Baa3 (0)
	B1 (20.8%) ⁴	Ba3 (3)	Ba3 (3)	Ba3 (3)
	B2 (24.3%) ⁴	B1 (4)	B1 (4)	B1 (4)

* Results under base case assumptions indicated by asterisk ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.

Worst-case scenarios: At the time the rating was assigned, the model output indicated that Class AG would have achieved the Aaa rating if means DP was as high as 20.8% and assuming a recovery rate of 58%, whilst the Class B and Class C would have been Baa2 and Ba3, respectively, in the same scenario.

Monitoring

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. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: La Caixa will act as servicer (a back-up servicer will be appointed if La Caixa is downgraded below Baa3).

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the recovery lag and stress which was modelled.

Counterparty Rating Triggers	Condition	Remedies
Interest Rate Swap Counterparty	NA	
Issuer Account Bank Servicer	Loss of P-1 Loss of Baa3	Replace Back-up Servicer Assigned
Liquidity Facility Provider	NA	
Other		

* See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology, May 15 2006.

Monitoring Report: Moody's has reviewed the template for the monitoring report and would like to receive the following important data in addition to the information reflected on the report:

- Gross cumulative default date (default definition 90 days in arrears).
- Cumulative write off data (gross and net recoveries).
- Prepaid principal amount.

Related Research

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:

Methodology Used:

- 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 Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
- Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)
- Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions Moody's Methodology, May 2006 (SF73248)

Performance Overview

- Foncaixa Empresas 1 Fondo de Titulización de Activos, October 2009 (SF185586)
- Foncaixa FTPYME 2 Fondo de Titulización de Activos, October 2009 (SF184825)
- FTGENCAT 5, Fondo de Titulización de Activos, October 2009 (SF186256)

New Issue Report

- Foncaixa Empresas 1 Fondo de Titulización de Activos, April 2009 (SF163126)

Pre-Sale Report

- Foncaixa FTPYME 2 Fondo de Titulización de Activos, November 2008(SF147470)
- FTGENCAT 5, Fondo de Titulización de Activos, November 2007 (SF112966)
- FONCAIXA FTGENCAT 4, Fondo de Titulización de Activos, June 2006 (SF77414)
- FONCAIXA FTGENCAT 3, Fondo de Titulización de Activos, November 2005 (SF64521)
- FONCAIXA FTPYME 1, Fondo de Titulización de Activos, November 2003 (SF28910)

Special Report

- Spanish SME Q2 2009 Indices, September 2009 (SF176866)
- Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)
- Moody's Approach to Rating Ith-to-Default Basket Credit-Linked Notes", April 2002 (SF13090)
- 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.

Appendix 1: Originator's Underwriting and Collection Practices

Originator Ability:

La Caixa is Spain's largest savings bank, its third-largest banking group and the biggest financial institution in Catalonia and the Balearic Islands, where it holds market shares of 26.1% of customer funds, 16.1% of loans and 21.8% of branches. Catalonia is one of Spain's wealthiest regions and enjoys a diversified economy.

La Caixa has more than doubled its number of branches since 1990, with 62.5% of the group's branches now located outside its traditional market. As such, the bank currently derives less than 50% of its operating income from its home markets. Nationwide, La Caixa enjoys a 10.3% share of deposits, 9% of loans and 12% of total branches. La Caixa is Spain's market leader in bancassurance, leading issuer of credit cards both in terms of turnover and number of cards in circulation, and has a national market share of 7% in mutual funds.

La Caixa's aim is to be a universal bank, although the bulk of its business still comes from standardised banking products. The bank is increasingly providing more value-added services to private individuals - primarily mortgages, where it enjoys an 11 % market share in Spain, and SMEs through a highly automated distribution network backed by a decentralised business model.

Sales and Marketing Practices:

La Caixa provides services to its customers through a multi-channel distribution:

- Branch network in Spain: 5,339 branches.
- Employees: 27,637.
- 79 specialised branches for companies with more than €10 million turnover, and four purely for big corporates.
- 31 specialised branches for private banking.
- 14 international branches.

Underwriting Policies and Procedures:

- La Caixa's analytical approach is based on the borrower's repayment capacity rather than the nature of the securities pledged.
- Internal rating and credit scoring: The several internal rating and credit scoring systems in place play a key role in La Caixa's underwriting process. The entity has four different models: three for SMEs depending on the size and one for large corporates. The scoring system for self-employed individuals is a very efficient tool, with scores updated monthly. The same efficiency is detected in the internal rating system for corporates, where the internal ratings are updated annually (when the financial statements are published) but also operational alerts are periodically shown. Both systems have already been certified by the Bank of Spain (so the size of regulatory capital needed is estimated with them).
- Approval mechanisms to cover specific segments, distinguishing between retail banking, property development and business banking.
- System of authorisation limits based on expected loss.
- Electronic file as a procedure for managing applications.
- Individual customer segment: risk-adjusted price control systems for mortgage applications through differentiated authorisation limits.
- The stage of the economic cycle we are currently in, especially regarding the property sector, has confirmed the advisability of using tools to measure risk in the process of approving or rejecting transactions. Restrictive policies have been applied to mortgage operations in excess of 80% of the value of the guarantee.
- Business segment: Risk metrics in the approval process:
 - Ratings: essential element in the analysis. Controls are set up to ensure that the ratings are used in analysing the risk of each loan. If the rating has not been updated the system rejects the operation.
 - System of risk adjusted prices. This complements the assessment of risk adjusted return at customer level, calculated monthly as benchmark spread (risk cost) versus margin on risk (customer level margin).
- Employees have authority to grant small loans to borrowers with high exposure, therefore streamlining processes.
- 78% of approved loans granted at branch level, 13% granted by the area managers, 6% by the business division managers and 3% by the head office and the Board of Directors (as of December 2008).

Collateral Valuation Policies and Procedures:

- La Caixa has set up procedures to make sure of the adequate valuation of the collateral assets.
- Based on independent valuations. Different levels and committees to authorise the operations.

Closing Policies and Procedures:

- In line with the market standards.

Credit Risk Management:

- Global Risk Committee: In charge of a comprehensive management of the Group's risks, among them credit risk.
- Concession Policy Committee: Sets authorisation limits and charges for credit operations.
- Credit Committee: Analyses and, if appropriate, approves operations within its level of

responsibility, referring those outside the bounds of its authority to the Board of Directors.

- Risk measurement models: Tools and techniques based on specific needs of each type of risk, including ratings, scorings, probability of default (PD), loss given default (LGD) and exposure at default (EAD). The models are integrated into management and monitoring.
- Banking Business Management Model implemented throughout the organisation down to the branch level.
- The branches have innovative tools on hand to assist them with global management of all the business they generate.
- The internal models for measuring credit risk have received approval from the Bank of Spain.

Originator Stability:

Quality Controls and Audits:

Regulated by:

Management Strength and Staff Quality

Aa2/P-1/B-

- La Caixa is regulated by the Bank of Spain and carries out annual external audits.
- Internal Audit Division: continuously monitors internal control systems and checks the accuracy of the risk measurement and control methods employed by the various divisions involved in risk monitoring.
- Bank of Spain
- Average tenure with company: Not made available.
- Average Turnover of underwriting staff: Not made available.
- Length of tenor for head of credit risk management: Not made available.
- Compensation structure i.e. incentive for receivables growth: Not made available.

Arrears Management:

of Receivables per Collector:

Staff Description:

- Not made available.
- La Caixa has recently increased its staff in the different teams supporting the recovery process (from 40 to 400 persons) and outsource the documents preparation task before the judicial process to a company fully owned by it named GDS-CUSA (another additional 100 persons). This unit is in charge of the prevention, control and monitoring of loan recovery within the network reinforced. More than 570 specialists managing default risk.
- Prevention and monitoring processes under supervision of the Risk Senior Executive Vice-President Office.
- New Debt Recovery Executive Vice-President to boost recoveries management.
- Average tenure with company: Not made available.
- Turnover: Not made available.
- Compensation structure i.e. incentive for collections achieved: Not made available.

Early Stage Arrears Practices:

Late Stage Arrears Practices:

- La Caixa checks daily the debtors' accounts in case of unpaid positions in order to collect any amount in such accounts.
- Improvement in the parameterisation and automatisation of the processes, both at the prevention stage and at the recovery stage.
- Boost of specific IT tools for each stage of the process.
- La Caixa can repossess properties in case of void auctions.
- In the case of repossessed properties, Servihabitat (a real estate company owned by La Caixa) is in charge of marketing and selling those properties.

Average Time to Repossess:

Loan Modifications:

- Not made available.
- Not made available.

Table of Contents

Provisional (P) Ratings	1
Asset Summary	1
Asset Summary (continued)	2
Liabilities, Credit Enhancement and Liquidity	2
Counterparties	2
Moody's View	2
Composite V Score	4
Strengths and Concerns	5
Strengths:	5
Concerns and Mitigants:	5
Structure, Legal Aspects and Associated Risks	6
Assets:	7
Originator Profile, Servicer Profile and Operating Risks	9
Originator Background:	9
Servicer & Back-Up Servicer Background:	9
Cash Manager:	9
Other Key Counterparty	10
Collateral Description	10
Credit Analysis	11
Treatment of Concerns:	13
Benchmark Analysis	14
Parameter Sensitivities	16
Monitoring	16
Related Research	17
Appendix 1: Originator's Underwriting and Collection Practices	18
Table of Contents	20

SF186295isf

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors and affiliates (together, "MOODY'S"). All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.** All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations – Corporate Governance – Director and Shareholder Affiliation Policy."