Credit Products/Spain
Presale Report

GC FTPYME Sabadell 4, FONDO DE TITULIZACIÓN DE ACTIVOS

Expected Ratings*

Class	Amount (EURm)	Legal Final Maturity	Rating	CE (%)
A (S)	549.4	30 April 2038	AAA	6.15
A (G)[1]	162.3	30 April 2038	AAA	6.15
B	24.0	30 April 2038	A+	2.95
C	14.3	30 April 2038	BBB	1.05
RF	7.87	n.a.	n.a.	n.a.

[1] The Kingdom of Spain (rated 'AAA/F1+') will guarantee the ultimate payment of interest and principal on the Class A (G) notes.

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* Expected ratings do not reflect final ratings, and are based on information provided by the issuers as of 17 October 2005.

Summary

This transaction is a cash flow securitisation of a EUR750 million static pool of loans ("the collateral") granted by Banco de Sabadell ("Sabadell" or "the originator", rated 'A+'/'F1') to small and medium-sized Spanish enterprises ("SMEs"). Fitch Ratings has assigned expected ratings to the notes to be issued by GC FTPYME Sabadell 4, FTA ("the issuer") as indicated at left. The Kingdom of Spain (rated 'AAA'/'F1+', "the guarantor") will guarantee the ultimate payment of interest and principal on the Class A (G) notes.

Sabadell has been an active player in the SME CDO arena since 2000. To date, it has participated in a total of seven SME loan securitisations, in four of which it was the sole originator, all sharing similar structural characteristics (more information on previous transactions can be found at www.fitchresearch.com). The issuer will be legally represented and managed by GestiCaixa SGFT, SA ("the *Sociedad Gestora*"), a special-purpose management company with limited liability incorporated under the laws of Spain.

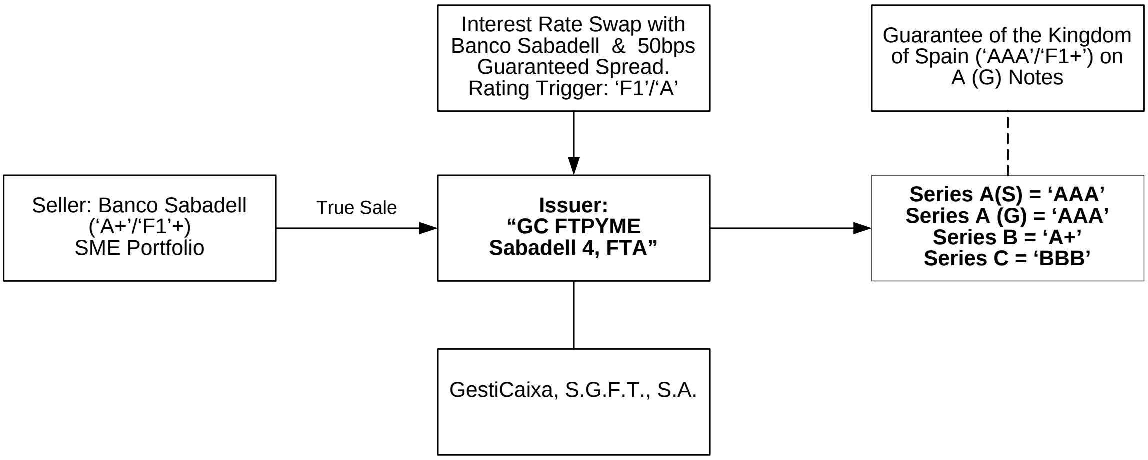
The expected ratings are based on the quality of the collateral, available credit enhancement ("CE"), the financial structure of the deal, the underwriting and servicing of the collateral and the *Sociedad Gestora*'s administrative capabilities. Additionally, the first layer of loss protection is provided by Sabadell under an interest rate swap agreement that guarantees an excess spread of 50 basis points ("bp", see *Swap Agreement* below).

The expected ratings address timely payment of interest on the notes according to the terms and conditions of the documentation, and the repayment of principal by final maturity. Following deferral interest triggers on the Class B and C notes (see *Priority of Payments* below) interest on these notes might not be received for a period of time but in any case will be paid before legal maturity of the notes,

Credit Committee Highlights

- The ratings of the Class B and C notes are dependent on the solvency of the swap counterparty, Sabadell, given the credit support it will provide through the swap agreement (see *Swap Agreement*). The rating downgrade language on the swap counterparty is consistent with Fitch's swap criteria (see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*" dated 13 September 2004 and available at www.fitchratings.com). Nevertheless the agency believes a replacement of the swap counterparty to be challenging in light of the credit support it provides the transaction. Hence, Fitch did not factor this support into its analysis at a AAA level; as such, the 'AAA' expected ratings are not dependent on the solvency of Sabadell.

Structure Diagram



Source: Transaction documents

- The characteristics of the collateral are similar to previous deals, as illustrated in the table below. The portfolio is granular, with no evidence of excessive geographic, industry or obligor concentrations.

FTPYME Sabadell 1, 2 & 4

	FTPYME Sabadell		
	4	2	1
No. of Loans	3,270	2,199	2,016
Loans Secured by Mortgages (%)	70.5	60	66.3
10 Largest Obligors (%)	7.9	9.5	7.2
Concentration in the Region of Cataluña (%)	50.9	47.0	48.1
Notes Issued at Closing (EURm)	750	500	600
Weighted Average Life (no Prepayments) at Closing (years)	5.4	4.5	4.3

Source: Fitch

- The ‘AAA’ expected rating assigned to the Class A (G) notes have been allocated a AAA rating prior to the benefit of the Kingdom of Spain guarantee, and is therefore de-linked from the credit quality of the guarantor. Furthermore, a liquidity facility will not be required to cover the timing mismatch between the date on which the guarantee is triggered and the date on which the Kingdom of Spain pays it (please see *Guarantee* below).

- Sabadell was able to provide loan-to-value (“LTV”) information on the loans secured on mortgages on an asset-by-asset basis, enabling Fitch to assign specific recovery rates ranging between 28.0% and 35.0%, higher than its assumptions for senior unsecured Spanish debt. In addition, Sabadell provided historic recovery rates on senior unsecured loans from 1997.

Structure

The issuer is a limited-liability special-purpose vehicle incorporated under the laws of Spain, whose sole purpose is to acquire credit rights from Sabadell as collateral for the issuance of the floating-rate, amortising securities.

In the structure, Sabadell will act, *inter alia*, as the servicer of the collateral, the account bank, the hedge counterparty and the paying agent. However, for the protection of investors, if Sabadell is unable to continue to administer the collateral, the *Sociedad Gestora* must appoint a replacement administration company, in accordance with Spanish securitisation law.

Interest and principal collections are dealt with jointly through the combined priority of payments described below. Amortisation and treasury accounts will be held in the name of the issuer at Sabadell. Principal collections on the underlying collateral will be accumulated until the payment date falling on 21 June 2007, in the above mentioned amortisation account, and will then be used to amortise the notes in accordance with the priority of payments. After this date, all proceeds and collections will be transferred into the treasury account. The reserve fund will be also kept in the treasury account (see *Reserve Fund*).

With regard to these accounts, if Sabadell’s Short-term rating is downgraded below ‘F1’, the *Sociedad Gestora* will be required to take one of the following steps within 30 days:

Key Information

Portfolio Characteristics

As of 28 September 2005

Number and Type of Loans: 3,270 loans to SMEs in Spain, of which 70.5% by volume is secured on commercial and residential real estate assets

Total Amount on 28 September 2005: EUR865.0m; at closing this will be EUR750m

Structure

Issuer: GC FTPYME Sabadell 4, FTA

Total Amount: EUR750m

Management Company: GestiCaixa SGFT, SA

Originator: Sabadell, rated 'A+/F1'

Structurer: Sabadell, GestiCaixa SGFT, SA.

Paying Agent: Sabadell

Swap Counterparty: Sabadell

Treasury and Amortization Accounts (GIC accounts): Sabadell

Scheduled Final Maturity: 30 April 2035

Final Legal Maturity: 30 April 2038

1. find a third party with a satisfactory rating to guarantee Sabadell's obligations;
2. transfer the treasury or amortisation account to another entity rated at least 'F1';
3. if neither of the above are possible, provide a guarantee of financial assets rated at least on a par with the Kingdom of Spain ('AAA'/'F1+'); or
4. if option 2 above is not possible, the *Sociedad Gestora* may also invest the balance of the treasury account temporarily, and until the next payment date, in fixed-income assets issued by entities rated at least:
   - 'F1' for investments maturing within 30 calendar days; or
   - 'F1+' if the investment has a maturity of more than 30 calendar days.

Priority of Payments

On each quarterly payment date, commencing 21 December 2005, the combined ordinary priority of payments will be as follows:

1. Senior expenses and taxes;
2. payments under the swap agreement (if applicable);
3. Class A (S) and A (G) interest *pari passu*, and reimbursement to the state of any amount drawn under the guarantee from the Kingdom of Spain to cover interest on the A (G) notes;
4. Class B interest (if not deferred);
5. Class C interest (if not deferred);
6. Principal due;
7. Class B interest if deferred, which will occur if the Principal Deficiency Ledger ("PDL") exceeds 80% of the original balance of these notes, plus 100% of the Class C original balance;
8. Class C interest if deferred, which will occur if the PDL exceeds 137% of the original balance of these notes;
9. reserve fund top-up if required (see *Reserve Fund*);
10. other subordinated amounts including servicer fees (except In the case of Banco Sabadell being replaced as servicer of the loans), reimbursement and remuneration of a subordinated loan granted to the issuer by Sabadell before closing to cover initial expenses.

A PDL is defined on every payment date as the difference between the balance outstanding on the notes and the outstanding balance of non-defaulted loans (i.e. those that are less than 12 months in arrears).

The structure will cover ordinary and extraordinary expenses using excess spread generated by the collateral. Initial expenses will be covered via a subordinated loan agreement granted to the issuer by Sabadell before closing.

Amortisation of the Notes

Principal due on the notes on any payment date will be capped at the difference between the balance outstanding on these notes and the balance of the non-defaulted collateral. It will be paid, subject to the availability of funds, according to the priority of payments.

Principal payments on the notes will commence on 21 June 2007 and quarterly thereafter. All classes will amortise sequentially on a pass-through basis after the Class A (S) notes have been redeemed in full. However, the outstanding balances of the B and C notes may amortise *pro rata* with the Class A (S) and A (G) notes once the B and C tranches represent 6.40% and 3.82%, respectively, of the outstanding balance of all the Class A to C notes. This will be subject to:

- the delinquency ratio (i.e. loans over 90 days in arrears as a proportion of the outstanding balance of the non-defaulted collateral) being less than 1.25%;
- the reserve fund (see *Reserve Fund*) being at its required level; and
- the outstanding balance of non-defaulted loans exceeding 10% of the original note balance.

In addition, when the ratio of the performing loan balance (loans less than 90 days in arrears) plus the amount credited to the amortisation account, divided by the sum of the current balance of the Class A (S) and A (G) notes is below 1, the outstanding balances of the A (S) and A (G) notes will amortise *pro rata*.

Call Option

All notes are subject to a clean-up call option in favour of the *Sociedad Gestora* when less than 10% of the initial collateral balance remains outstanding.

The clean-up call will only be executed if the then-outstanding balance of the Class A to C notes is redeemed in full.

Reserve Fund

At closing, Sabadell will finance the creation of the reserve fund through a subordinated loan granted to the issuer, equal to 1.05% of the initial balance of the notes, which will be deposited in the treasury account in the name of the issuer.

Subject to the following conditions, the reserve fund may amortise to the greater of 2.10% of the current note balance or 0.67% of the original note balance:

- the balance of loans in arrears over 90 days is 1.0% or below of the current note balance;
- the closing date of the transaction was more than three years earlier; and
- on the preceding payment date, the reserve fund was set to its required amount.

Swap Agreement

The issuer will enter into a swap agreement with Sabadell as swap counterparty to hedge any interest rate, basis and payment frequency risk within the structure.

The issuer will pay the swap counterparty the interest received from the collateral and in return it will receive an amount equivalent to the weighted average coupon on the notes plus 50bp multiplied by a notional defined as the outstanding balance of all the notes.

This swap has the following main effects:

1. it provides credit support to the structure by making good the loss of interest arising from loans that default over the life of the deal. Fitch included the benefit of these payments in its analysis of timely and full payment of interest to the Classes B and C notes. The agency does not believe that this aspect of the swap would be replaceable on a downgrade of Sabadell below the rating trigger. Consequently, the ratings of the Classes B and C notes are dependent on the solvency of the swap counterparty. Fitch did not factor this credit support into the 'AAA' expected ratings assigned to the Class A (S) and A (G) notes, and accordingly it is not dependent on the solvency of Sabadell;
2. it hedges against the interest rate mismatch between the performing assets and the liabilities arising from differences in the reference indices (for example, 12-month EURIBOR on the collateral versus three-month EURIBOR on the notes); and
3. it produces a stable spread of 50bps on the outstanding balance of the notes over the life of the deal.

If the swap counterparty is downgraded below 'A'/'F1', it will, within 30 days, take one of the following steps:

- find an entity rated at least 'A'/'F1' to guarantee its obligations under the swap agreement;
- find a replacement counterparty with Long-/Short-term ratings of at least 'A'/'F1'; or
- cash- or security-collateralise its obligations in an amount sufficient to comply with existing Fitch criteria.

The collateral posted should be sufficient to ensure that the potential loss would be virtually zero if the swap counterparty defaulted. For details on the method used to calculate the collateral amount see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*", dated 13 September 2004 and available at www.fitchratings.com.

Guarantee

The Kingdom of Spain guarantees the ultimate payment of interest and principal on the Class A (G) notes under a Ministerial Order until final legal maturity. Any amounts paid through the guarantee will be considered an obligation of the issuer. Principal will be repaid to the Kingdom of Spain through the priority of payments, and will rank equally with interest on the series A (G) notes. No interest will be due on the guarantee.

If called, the guarantee from the Kingdom of Spain will become due within three months of its drawing, creating a potential timing mismatch between the date on which the guarantee is required and the date on which the Kingdom of Spain pays it. Fitch has taken this risk into account in its initial cash flow analysis by ensuring that enough CE will be provided at closing to ensure the timely payment of interest and ultimate repayment of principal on the notes under a 'AAA' rating scenario. Hence, the expected rating on the Class A (G) notes is not reliant on the guarantee and no liquidity facility is required

Collateral

At closing, the final portfolio will have an outstanding balance of EUR750m, and will consist of loans selected from a provisional portfolio of 3,270 loans.

As of 28 September 2005, the provisional portfolio's main characteristics, in volume terms, were:

1. the largest obligor represented 1.0%, the three largest 2.77%, and the 10 largest 7.90%;
2. the average outstanding balance was EUR264,549;
3. all the loans were linked to floating interest rates;
4. 61.2% of the portfolio was secured on first-ranking mortgages – of which approximately 77.2% corresponded to commercial properties (i.e. office locations or retail outlets);
5. 50.98% was located in the region of Cataluña and 13.7% in Madrid;
6. the weighted average ("WA") seasoning was 21 months;
7. the original and current LTV ratios were 58.26% and 51.09%, respectively; and
8. the earliest maturity was January 2007 and the latest April 2035.

Credit Analysis

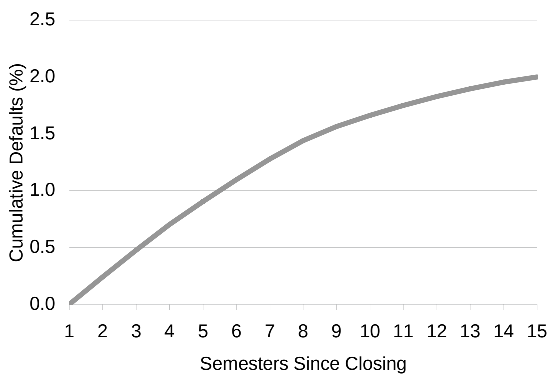
The key sections of Fitch's analysis were the calculation of default probability, mainly derived from vintage data provided by the originator, and the definition of tiered recovery rates. These results were combined with the structural features of the transaction and analysed in a cash flow model. CE levels were sized to ensure that each series of bonds would receive payments of interest and ultimate repayment of principal according to the terms of the documentation.

Since the obligation to repay all the loans lies solely with the borrowers themselves rather than being reliant on the real estate assets or any tenancy agreement linked to the properties that secure the collateral, Fitch based its default probability analysis on the credit quality of the borrowers rather than the income-generating capacity of the underlying properties. As indicated below, the benefits provided by the commercial and residential properties securing the loans were analysed as part of the recovery analysis.

Default Probability

Using default data provided by the originator from 1997, Fitch was able to derive a WA cumulative base default rate. The agency then applied multiples to this base rate to obtain the default probabilities for the higher rating categories.

GC FTPYME Sabadell 4



Source: Fitch

Based on Sabadell's default data as well as Fitch's Pan European SME CDO Performance Tracker methodology, the graph above illustrates the expected cumulative base-case level of defaults for this transaction over a period of seven years (economic cycle). More information about this methodology is available in a report titled "*Pan-European SME CDO Performance Tracker*", dated 5 October 2005 and available at www.fitchratings.com.

Recovery Rate

In connection with the estimated recovery rates, Fitch conducted a loan-by-loan analysis of the collateral. Key to the agency's recovery analysis is the estimated stressed value of the assets under the different rating scenarios, which is determined by identifying Market Value Decline ("MVD") ratios for the different property types. For commercial properties, MVDs were calculated in line with Fitch's standard analytical approach to CMBS, which uses rental value decline ("RVD") indicators and income capitalisation rates for specific property classes.

RVDs are based on historical volatility observations for the real estate market in Europe: the higher the volatility of a particular property type, the lower the potential stressed rent achieved in the future and, therefore, the higher its RVD.

The income capitalisation rate of a property can be expressed as the yield generated in the market by properties with similar features and use (e.g. hotels will normally return a different yield from retail units). More information on Fitch's CMBS methodology can be found in the special report "*European Property Income Model – "The Logic*"" dated 9 June 2004 and available at www.fitchratings.com. The resulting MVDs were calibrated to reflect the geographic concentration of the collateral in this portfolio.

For those loans secured on residential properties, Fitch applied the MVD ratios detailed in its criteria report "*Spanish Mortgage Default Model III*" dated 15 September 2005 and available at www.fitchratings.com.

The Spanish senior unsecured recovery rate defined by Fitch's default VECTOR model was applied for the unsecured portion of the collateral; ranging somewhat between 35% for 'B' and 28% for 'AAA'. The final WA recovery rates were calculated by blending those rates of the secured and unsecured sub-portfolios considering their respective sizes in volume terms.

Credit Analysis

(%)	Cumulative WA Default Probability	WA Recovery Rates
AAA	10.0	63.2
A+	6.7	69.5
BBB+	4.7	72.4

Source: Fitch

Cash Flow Modelling

Fitch modelled this transaction using the default probabilities and recovery rates detailed above. The cash flow model assumed that defaults can occur in front- and back-loaded sequences. Although it depends on the specific amortisation profile of the collateral, a back-loaded sequence is generally more stressful. However, a front-loaded scenario proved to be the most stressful as most of the defaults would occur in the early life of the transaction.

The analysis took into account that the cost of carrying defaulted loans will be mitigated by the swap under A+ and BBB scenarios. Interest rates were stressed upwards over time as per the criteria definitions included in the report "*Global Rating Criteria for Collateralised Debt Obligations*", dated 13 September 2004 and available at www.fitchratings.com.

CE analysis took into account the guaranteed excess spread payable by the swap agreement, as well as the interest deferral mechanism in place for the Class B and C notes, which will redirect funds away from the junior notes and towards the more senior notes if the size of the PDL exceeds the triggers defined for each Class of notes. Should the triggers be hit, interest on the Class B and C notes may not be received for a certain period of time, but will, ultimately, be received prior to the maturity date.

In addition, the agency modelled prepayments rates, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread generated by the rapidly prepaying portfolio, Moreover, prepayments may also lead to an adverse selection, as the better credit quality obligors are more likely to prepay first, hence leaving the pool dominated by less credit oriented obligors.

Fitch's recovery calculation assumed foreclosure costs to be 10% of the outstanding loan amount; it also assumed a three-year lapse between the date of default and the recovery date.

Origination and Servicing

Sabadell was the fourth -largest banking group in Spain and the sixth by assets as of December 2004 and has traditionally focused on lending and providing financial services to SMEs in its home market. Its core activities are domestic retail banking, complemented by a broad array of specialised services and international activities (mainly trade finance).

Loans granted by Sabadell to SMEs are often backed by a guarantee, be it personal, property or other. There are five approving levels for SME exposures, from branch level up to the Administrative Committee, the highest approval body.

To analyse each new or existing transaction, Sabadell uses its internal rating scale, which was developed after analysing in-house delinquency statistics observed since 1996. Financial and non-financial information is analysed and entered into the credit scoring system. The rating assigned is reviewed by Sabadell's credit analysts on an annual basis, or more frequently depending on the nature of the business or the addition of relevant information.

Each internal rating category, from 0 (default) to 9 (highest credit quality), has its own one-year default probability rating assigned based on the following:

1. Management team and experience;
2. Competitive position in the market;
3. Economic and financial position;
4. Recent performance; and
5. Guarantees.

Customers are grouped together in risk units that bring different companies, seen as financially interlinked, under a single umbrella. Additional data checks are performed through databases like CIRBE (a Bank of Spain database that provides information on borrower exposure and non-payments for all Spanish entities and individuals) or RAI (*Registro Aceptación Impagados*). Most of the pledged real estate securities are valued by Bank of Spain-registered surveyors.

To manage the portfolio of clients, Sabadell groups the accounts into five different buckets based on the size of each obligor's annual turnover.

With regards to arrears management and performance monitoring, the specific Risk Analyst and Client Relationship Manager will be responsible for handling accounts in the first 60 days of delinquency (with exceptions at 90 days). Sabadell does not have fixed arrears procedures, believing the process to be more efficient if managed on a case-by-case basis. However, the Risk Analyst must make contact and aim to reach a solution within the first month. All accounts and financial products provided to the client are automatically blocked within 35 days of a missed payment.

After 60 days the bank's recovery department assumes responsibility for arrears, and depending on whether the loans are judged to be irrecoverable or merely the result of a temporary financial problem, clients will be forced to pay all outstandings, be brought to court or dealt with through an external recovery agent. Current recovery periods are roughly one year for loans backed by mortgages and 1.5 years for other unsecured loans.

■ Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance Performance Analytics ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

Fitch will report the performance of this transaction against the base case default curve outlined in the report "*Pan European SME CDO Performance Tracker*". Along with this new tool, other details of the transaction's performance will be available to subscribers at www.fitchresearch.com.

Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

GC FTPYME SABADELL 4, F.T.A. Spain/CDO

Capital Structure

Class	Rating	Size (%)	Size (EURm)	CE (%)	PMT Freq	Final Legal Maturity	Coupon
A (S)	AAA	73.25	549.4	6.15	Quarterly	30 April 2038	Floating
A (G)*	AAA	21.64	162.3	6.15	Quarterly	30 April 2038	Floating
B	A+	3.20	24.0	2.95	Quarterly	30 April 2038	Floating
C	BBB	1.91	14.3	1.05	Quarterly	30 April 2038	Floating

* The kingdom of Spain (rated 'AAA/F1+') will guarantee the ultimate payment of interest and principal on the Class A (G) notes

Key Information

Closing Date	25 October 2005 (expected)	**Role**	Party (Trigger)
Country of Assets	Spain	**Structurer**	Banco de Sabadell, GestiCaixa SGFT SA
Structure	Pass through, sequential	**Originator/Servicer of the Loans**	Banco de Sabadell ('A+'/'F1')
Type of Assets	SME Loans	**Issuer**	GC FTPYME Sabadell 4, F.T.A.
Currency of Assets	EUR	**Servicer of the Notes**	GestiCaixa SGFT SA
Currency of Notes	EUR	**Paying Agent**	Banco de Sabadell ('A+'/'F1')
Primary Analyst	henry.gallego@fitchratings.com	**Swap Counterparty**	Banco de Sabadell ('A+'/'F1')
Secondary Analyst	juan.garcia @fitchratings.com		
Performance Analyst	lidia.rios@fitchratings.com		

Collateral: Pool Characteristics as of 28 September 2005

Current Principal Balance (EUR)	865,077,944	Obligors (#)	2,931
Loans (#)	3,270]	Top Five Geographic Concentrations (%)	81.8
Current WAL (Zero prepayments, years)	5.4	Top Five Industry Sectors (%)*	76.7
WA Coupon	3.2	Backed by a First-Ranking Mortgage (%)	61.2
WA Spread	0.80	WA Current LTV (for Mortgages) (%)	51.09
% Fixed Interest Rate	0.0	Longest Maturity	April 2035
% Floating Rate	100.0	Shortest Maturity	Jan 2007
5 Largest Obligors (%)	4.42	WA Seasoning (Months)	21
10 Largest Obligors (%)	7.90	WA Time to Maturity (Months)	121

All percentages as a proportion of outstanding balance.
Source: Transaction documents