Foncaixa FTPYME 1, Fondo de Titulización de Activos

La Caixa
CLO – SME Loans
Spain

CLOSING DATE
4 December 2003

Lead Analyst

Alberto Postigo
Analyst
Madrid
(34) 91 702 6604
Alberto.Postigo@moodys.com

Backup Analyst

Henry Charpentier
AVP-Analyst
Madrid
(34) 91 702 6606
Henry.Charpentier@moodys.com

New York

Marie Erickson
Investor Liaison Specialist
(1) 212 553 4796
Marie.Erickson@moodys.com

Client Service Desk

London: (44) 207 772 5454
csdlondon@moodys.com

Monitoring

London: (44) 20 7772 5399
monitor.london@moodys.com

Frankfurt: (49) 69 7073 0731
monitor.frankfurt@moodys.com

Paris: (33) 1 53 30 1074
monitor.paris@moodys.com

Madrid: (34) 91 702 6601
monitor.madrid@moodys.com

Milan: (39) 02 5821 5596
monitor.milan@moodys.com

Johannesburg: (27) 11 217 5470
monitor.johannesburg@moodys.com

WEBSITE
www.moodys.com

RATINGS

Series	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A1	**Aaa**	€185,000,000	30.83	Sep 2036	Dec 2005
A2	**Aaa**	€89,900,000	14.98	Sep 2036	Mar 2007
A3G	**Aaa**	€223,500,000	37.25	Sep 2036	Sep 2033
A3S	**Aaa**	€56,000,000	9.33	Sep 2036	Sep 2033
B	**A2**	€37,800,000	6.30	Sep 2036	Sep 2033
C	**Baa2**	€7,800,000	1.30	Sep 2036	Sep 2033
Total		€600,000,000	100		

The ratings address the 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, such as those associated with the timing of principal prepayments and other market risks, have not been addressed and may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- Credit enhancement provided by the excess spread, a line of credit and the subordination of the notes
- Interest Rate Swap provided by La Caixa (**Aa2**/**P-1**) guaranteeing an excess spread of 0.75%
- Guarantee of the Kingdom of Spain for the Series A3G notes
- Excess spread–trapping mechanism through an 18-month "artificial write-off"
- Extensive information provided by the originator

Weaknesses and Mitigants

- The deferral of interest payments on Series B and C benefits the Series A notes repayment, but increases the default probability on both series. This negative effect for Series B and C is mitigated by setting the deferral trigger at a level in which the increase in the probability of default is consistent with the rating assigned to the Series B and C notes.

STRUCTURE SUMMARY

Issuer:	Foncaixa FTPYME 1, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Servicer:	Caixa D'Estalvis i Pensions de Barcelona – La Caixa (**Aa2**/**P-1**)
Interest Payments:	Quarterly on each payment date
Principal Payments:	Series A1 and A2 notes are soft bullet
	Series A3S, A3G, B and C amortise soft bullet and/or pass through
Payment Dates:	15 March, 15 June, 15 September, 15 December
	First payment date: 15 March 2004
Issue Price:	100%
Credit Enhancement/Reserves:	0.75% excess spread
	1.30% line of credit
	Subordination of the notes
	Guarantee of the Kingdom of Spain (**Aaa**/**P-1**) for Series A3G notes
	€4,500,000 liquidity facility for Series A3G notes
Liquidity Facility Provider:	La Caixa
Hedging:	Interest rate swap to cover interest rate risk
Interest Rate Swap Counterparty:	La Caixa
Paying Agent:	La Caixa
Management Company (*Gestora*):	GestiCaixa, S.G.F.T., S.A.
Arranger:	GestiCaixa, S.G.F.T., S.A.
Lead Manager:	InverCaixa Valores, S.V., S.A.

PROVISIONAL POOL (AS OF 30 SEPTEMBER 2003)

Receivables:	Loans to Spanish small- and medium-sized enterprises (SMEs)
Total Amount:	€776,048,704
Number of Contracts:	15,534
Number of Borrowers:	12,976
Geographic Diversity:	Catalonia (15.94%), Andalucía (15.23%), Madrid (14.83%), Canary Islands (11.49%)
WA Seasoning:	2.30 years
WA Remaining Term:	8.62 years
Delinquency Status:	Not in arrears at the time of securitisation
WA Interest Rate (current):	4.20%
Interest Basis:	100% floating

OVERVIEW

An SME loans transaction with a Kingdom of Spain guarantee

Between 1998 and 1999, the Spanish government established the legal framework for the so-called "FTPYME" programme with the purpose of facilitating the access of SMEs to efficient financing channels. FTPYMES are securitisation funds whose liabilities are partially guaranteed by the Kingdom of Spain and whose assets must have a high content of SME financing. The legal framework was modified at the end of 2001 and, more recently, through a Ministerial Order dated 29 April 2003. The conditions which a fund must meet in order to apply for the Kingdom of Spain guarantee are as follows:

1. Securitised assets must be loans (1) originated by institutions that have previously signed an agreement with the Ministry of Economy; (2) granted to non-financial enterprises based in Spain; and (3) whose initial duration must exceed one year.
2. At least 80% of the loans must be granted to SMEs (as defined by the European Commission in its recommendation of 3 April 1996).
3. The institutions transferring the loans to an FTPYME must in turn reinvest the proceeds of the sale in granting new loans (such loans complying with conditions 1. and 2. above). 50% of such amount must be reinvested within six months and the remaining 50% within one year.

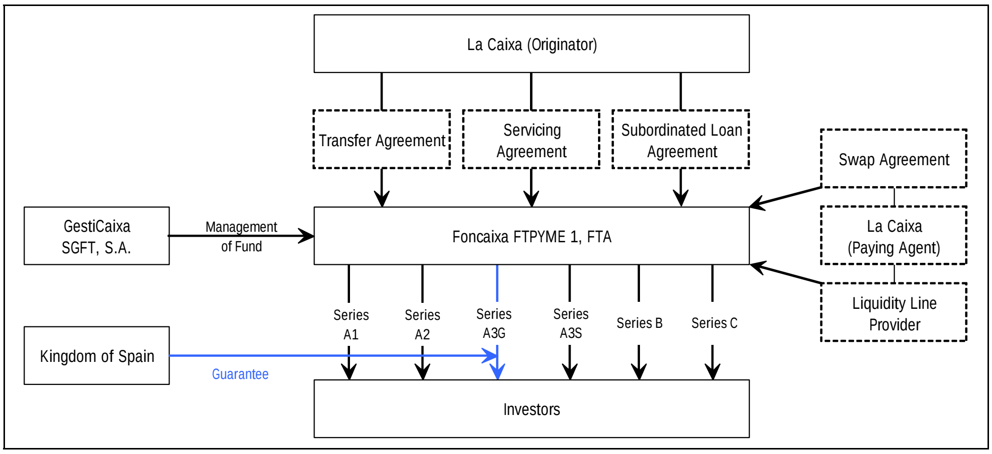
The Kingdom of Spain will in turn guarantee interest and principal payments on up to 80% of **Aa**-rated securities. Significantly, the guarantee is fully binding for the Kingdom of Spain.

The FTPYMES securitisation programme already has a solid and proven track record within the Spanish market. The exhaustion of the previous guarantee budget, combined with the increase in demand for guarantees on the part of financial institutions, justifies the Spanish Ministry of Economy's concession of a further budgetary endowment in 2003.

This is the first securitisation of SME loans under the FTPYME programme carried out by La Caixa, one of the biggest Spanish financial institutions and with a proven track record in the securitisation market.

STRUCTURAL AND LEGAL ASPECTS

Structure that incorporates the guarantee of the Kingdom of Spain for one series of notes and with a neutral effect for other series



Through this deal, La Caixa is selling a portfolio of loans to Foncaixa FTPYME 1 (the "Fondo"), which in turn will issue six series of notes to finance the purchase of the loans (at par). The capital structure consists of:

- A subordinated series C
- A mezzanine series B
- A senior class A composed of four series: (1) a senior series A1, (2) a mezzanine series A2 and (3) a subordinated tranche A3, 80% of which is guaranteed by the Kingdom of Spain (namely, the Series A3G notes) and series A3S which is the non-guaranteed part of the tranche. It is important to point out that the series within class A are not subordinated in terms of interest payments.

Each series of notes is supported by the series subordinated to itself, a line of credit and the excess spread guaranteed under the swap agreement with La Caixa. The swap agreement will also hedge the Fondo against the risk derived from having different index reference rates on the assets and notes sides.

In addition, the Fondo will benefit from a subordinated loan provided by La Caixa to fund the starting expenses and the notes' issuance costs.

Liquidity line to ensure the timeliness to interest guarantee payments

Since the Spanish Treasury's guarantee payments may take up to three months after the request to feed through, the management company has entered into a liquidity facility agreement with La Caixa. Under this agreement, La Caixa will, if necessary, immediately advance up to €4,500,000, which will be used to cover potential shortfalls in interest on the guaranteed notes. These advances will be repaid out of the funds received from the Spanish Treasury and the interest of the liquidity line will be paid out from the Fondo's available funds.

Should La Caixa's short-term rating fall below **P-1**, it will have to find a suitably rated guarantor or substitute within 30 business days as provider of the liquidity line.

Interest rate swap guaranteeing an excess spread of 75 bppa

According to the swap agreement entered into between the Fondo and La Caixa, on each payment date:

- La Caixa will pay a rate equal to the weighted average interest rate on the notes over a notional equal to the outstanding amount of the notes.
- The Fondo will pay the sum of (1) the weighted average interest rate on the loans less 75 bppa, over a notional calculated as the difference between the outstanding amount of the notes and the outstanding amount of the amortisation account and (2) the index reference rate of the notes over a notional equal to the outstanding amount of the amortisation account.

The excess spread thus provided through the swap agreement constitutes the first layer of protection for investors.

In the event of La Caixa's long-term rating being downgraded below **A1**, it will within 30 business days have to (1) collateralise its obligations under the swap agreement in an amount sufficient to maintain the then current rating of the notes or (2) to find a suitably rated guarantor or substitute. Any failure by La Caixa to comply with these conditions will constitute an event of default under the swap agreement.

Line of credit to help the Fondo meet its payment obligations

The second layer of protection against losses is a line of credit provided by La Caixa. It will be used to cover potential shortfalls on interest or principal on an ongoing basis.

At every point in time, the amount available under the line of credit will be the lesser of the following amounts:

1. 1.30% of the initial balance of the notes
2. The higher of the following amounts:
    - 2.60% of the outstanding balance of the notes
    - 0.75% of the initial balance of the notes

The amount available under the line of credit will not be reduced if either of the following scenarios occur:

- The amount of loans more than 90 days in arrears exceeds 1% of the outstanding principal balance of the portfolio.
- There is any amount drawn from the line of credit

In addition to these triggers, if La Caixa loses its **P-1** rating, the line of credit will automatically be drawn and deposited in the treasury account in the form of cash reserve if La Caixa cannot obtain a first demand guarantee from a **P-1** rated entity within 30 days.

Treasury Account and Amortisation Account

The treasury account will be held at La Caixa. The proceeds from the loans, any amount received under the swap agreement, the cash reserve (if funded) and any amount drawn from the liquidity line or received from the Spanish Treasury will be deposited in the treasury account.

Moody's has set up some triggers in order to protect the treasury account from the possible downgrade of the short-term rating of La Caixa. Should La Caixa's short-term rating fall below **P-1**, the management company will have to perform any of the following actions in the indicated order of priority within 30 business days:

1. Find a suitably rated guarantor or substitute
2. Collateralise its payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes.
3. Invest the outstanding amount of the treasury account in securities issued by a **P-1** rated entity.

La Caixa guarantees an annual yield of the amounts deposited in the treasury account equal to the index reference rate of the notes.

Until the payment date falling on 15 March 2007, the amount retained as principal due will be transferred to a special account held at La Caixa (namely, the amortisation account). This account is subject to the same triggers and the same yield as the treasury account.

Limitations on renegotiation of both the interest rate and the maturity of the loans

Any renegotiation of the terms and conditions of the loans is subject to the *gestora*'s approval. Exceptionally, the *gestora* may authorise La Caixa to renegotiate the interest rate or maturity of the loans without requiring its approval. However, La Caixa will not be able to (1) renegotiate the interest rate of any loan if the weighted average interest rate of the pool falls below the index reference rate of the notes plus 0.60%, or (2) extend the maturity of any loan later than 15 September 2033. Moreover, the renegotiation of the maturity of the loans is subject to the following conditions:

1. The global initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool.
2. The frequency of payments cannot be decreased.
3. The repayment system cannot be modified.

Payment structure that incorporates the reimbursement of the guarantee payments

On each quarterly payment date, the Fondo's available funds (amounts received from the asset pool, the reserve fund, amounts received under the swap agreement and interest earned on the transaction accounts) will be applied in the following simplified order of priority:

1. Cost and fees, excluding servicing fee (except in the case in which La Caixa is replaced as servicer of the loans)
2. Any amount due under the swap agreement (except termination payments)
3. Interest payment to Series A1, A2, A3G and A3S notes, interest payment on draw-down amounts (if any) under the liquidity facility and reimbursement of any amount obtained from the Kingdom of Spain on previous payment dates to cover the potential shortfall on interest payment to Series A3G notes
4. Interest payment to Series B notes (if not deferred)
5. Interest payment to Series C notes (if not deferred)
6. Retention of an amount equal to the principal due under the notes
7. Interest payment to Series B notes (if deferred)
8. Interest payment to Series C notes (if deferred)
9. Reimbursement of any amounts drawn from the line of credit or replenishment of the cash reserve (if funded)
10. Termination payments under the swap agreement
11. Junior expenses

The payment of interest on the Series B and C notes will be brought to a more junior position if, on two consecutive payment dates, the following criteria are met:

Series B	Series C
a) The outstanding amount of loans more than 90 days past due is higher than 10.4% of the initial amount of the asset pool b) Series A3G and A3S notes are not fully redeemed	a) The outstanding amount of loans more than 90 days past due is higher than 6.15% of the initial amount of the asset pool b) Series B notes are not fully redeemed

The deferral will no longer be in effect for Series B once Series A3G and A3S notes are fully amortised, and for Series C once Series B notes are fully amortised.

The principal due to the notes incorporates an 18-month "artificial write-off" mechanism

The transaction's structure benefits from an "artificial write-off" mechanism. This mechanism is implicit in the definition of principal due under the notes, which is calculated as the difference between (1) the outstanding amount of the notes and (2) the difference between (i) the outstanding amount of the portfolio and (ii) the outstanding amount of the loans with any amount due but unpaid for more than 18 months (or before if the debtor is declared bankrupt or the management company considers that there are no reasonable expectations of recovery under each such loan).

The "artificial write-off" speeds up the off-balance sheet of a non-performing loan; thus, the amount of notes collateralised by non-performing loans is minimised, and consequently the negative carry. However, the most important benefit for the transaction is that the amount of excess spread trapped in the structure is bigger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost): the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

A principal deficiency will occur, on any payment date, if the issuer's available funds are not sufficient to reimburse the principal due under the notes, according to the cash flow rules stated above. The amortisation deficit attributable to Series A3G will be covered by the guarantee from the Kingdom of Spain.

Principal due allocation mechanism

The amount retained as principal due will be used for the repayment of the following items in the indicated simplified order of priority:

1. Amortisation of Series A1 notes
2. Amortisation of Series A2 notes
3. Amortisation of Series A3S and A3G notes and reimbursement to the Spanish Treasury of any amount used to cover any potential shortfall on principal on Series A3G notes
4. Amortisation of Series B notes
5. Amortisation of Series C notes

Series A1 and A2 notes amortisation

Series A1 and A2 notes are soft bullet. Until the payment date falling on 15 March 2007, the amount retained as principal due will be transferred to the amortisation account, creating an amortisation fund for Series A1 and A2 notes. Funds available in the amortisation fund will be used for the repayment of Series A1 notes on the payment date falling on 15 December 2005, and for the repayment of Series A2 notes on the payment date falling on 15 March 2007. Should the amount available on the amortisation fund not be sufficient to fully redeem the notes, the outstanding principal remaining after such partial repayments will be repaid on a pass-through basis on the following payment dates.

If the amount available on the amortisation fund is higher than the outstanding balance of Series A1 and A2 notes on the payment date falling on 15 March 2007, the excess will be used for the repayment of the rest of the series. Thus, Series A3S, A3G, B and C may amortise soft bullet.

The negative carry created by the amortisation fund is compensated by (1) the annual yield of the amortisation account which equals the index reference rate of the notes and (2) La Caixa payments under the swap agreement which covers the weighted average margin of the notes for a portion of the balance of the notes equal to the outstanding amount of the amortisation fund.

Moody's rating addresses the timely payment of interest and redemption of principal on or before the final legal maturity date (September 2036). The rating does not address full redemption of the Notes on the expected maturity date.

COLLATERAL – REFERENCE PORTFOLIO

Well diversified portfolio of loans granted to SMEs

As of September 2003, the provisional pool is made up of 15,534 loans and 12,976 borrowers for a total amount of €776,048,704. The loans have been originated by La Caixa in its normal course of business, and comply with the following criteria:

- The loans are granted to SMEs (excluding real state developers) resident in Spain
- The loans are repaid by direct debit and through monthly instalments
- The loans have accrued at least two instalments
- No loan incorporates any type of balloon payments or deferred payments of interest or principal
- None of the loan agreements provides a cap on the applicable interest rate
- 100% of the principal of the loans has been drawn
- The loans are referenced to floating-rate indexes (Mibor, Euribor, IRPH, IRMH) (with a weighted average interest rate of 4.20%)

The loans have been originated between 1988 and August 2003, with a weighted average seasoning of 2.30 years and a weighted average remaining life of 8.62 years. The longest loan matures in September 2033.

100% of the loans hold any kind of guarantee. 73.7% of the outstanding of the portfolio is secured by a mortgage, and 25.4% hold a personal guarantee.

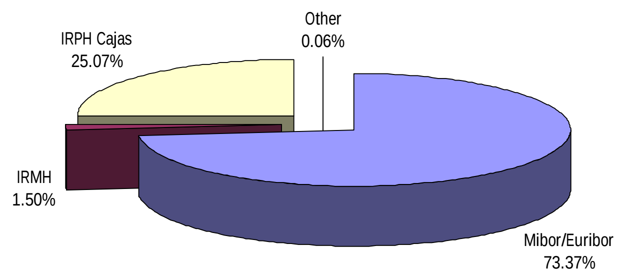
In terms of debtor concentration, the highest exposure is 0.70% of the outstanding of the provisional pool but, at closing, no debtor would represent more than 0.5% of the issuance. Furthermore, the sum of the debtor exposures higher than 0.1% will represent less than 2.4% of the issuance.

Geographically, the pool is concentrated in Catalonia (16%), Andalucía (15%), Madrid (15%), the Canary Islands (11%) and Valencia (10%).

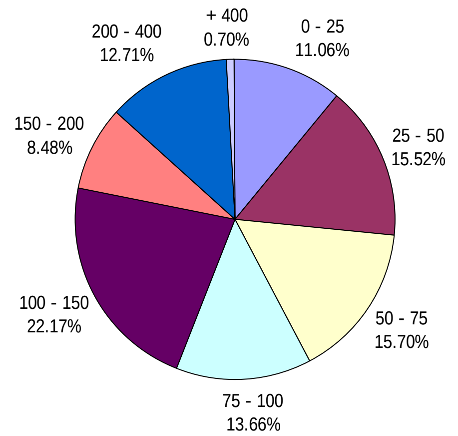
The originator represents and guarantees that, as of the date of the transfer:

- There will be no amounts due and unpaid under any of the loans
- The loans have been granted according to its current credit policies
- There has been no breach of any of the loan agreements
- The pool of loans complies with the conditions to apply for the guarantee of the Kingdom of Spain

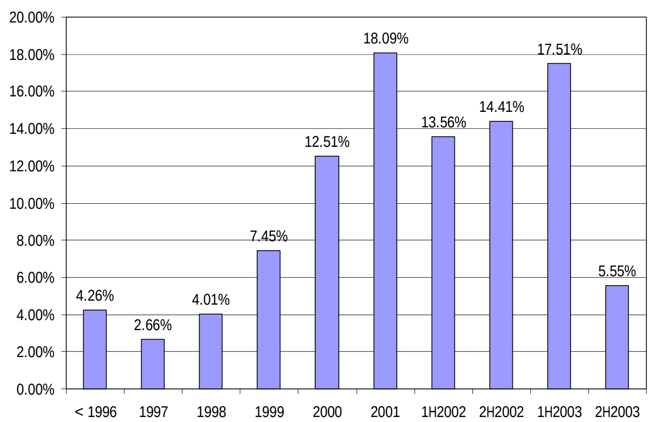
Portfolio Breakdown by Interest Rate



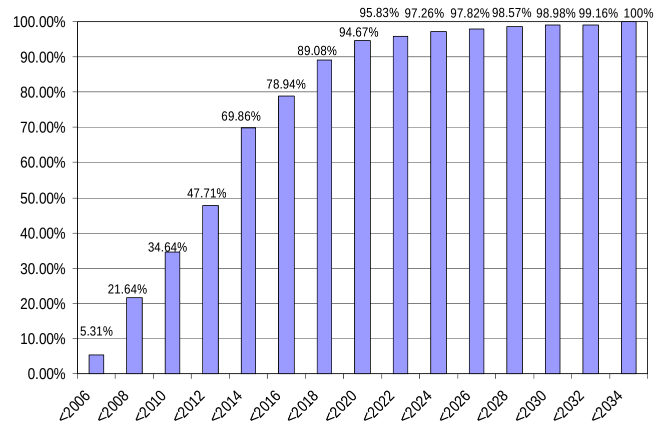
Portfolio Breakdown by Current Balance (Thousand €)



Portfolio Breakdown by Year of Origination



Portfolio Breakdown by Maturity



ORIGINATOR, SERVICER AND MANAGEMENT COMPANY

La Caixa, the Spanish largest savings bank, is the originator and the servicer of the assets pool

La Caixa's **Aa2**/**P-1**/**B+** ratings reflect the institution's solid credit fundamentals – including ample liquidity, low risk profile and strong economic capital – along with its dominant and stable retail banking franchise in Catalonia, one of Spain's wealthiest regions. Despite a less benign economic environment, La Caixa's strong brand and position as one of Spain's largest providers of retail financial servicers are key elements that should continue to underpin the success of its targeted geographical diversification.

With total assets amounting to €103 billion, La Caixa is Spain's largest savings bank and its third-largest banking group. La Caixa business focuses largely on providing a high volume of standardised banking products to private individuals through a highly automated distribution network and with a very decentralised commercial business model.

The bulk of La Caixa lending is domestic retail, with 56% of loans to individuals, 31% SMEs and real state developers, 10% large corporates and 3% public sector. On a risk-weighted assets basis, La Caixa's profitability indicators compare favourably with those of its domestic and international peers given the institution's relatively low risk profile. La Caixa continues to strengthen its credit risk practices with the introduction of internal ratings, scoring systems and the quantification of risk premiums.

Servicer

La Caixa will act as servicer of the loans, and will transfer the proceeds of the loans to the treasury account on a daily basis.

In the event of La Caixa being declared bankrupt or failing to perform its obligations as servicer, the management company will have to designate a new suitable institution as guarantor of La Caixa's obligations under the servicing agreement or even as new servicer. Otherwise, the management company itself would step in as servicer of the loans.

Paying Agent

La Caixa will act as paying agent of the Fondo. In the event of La Caixa's short-term rating falling below **P-1**, it will within 30 business days have to be replaced in its role of paying agent by a suitably rated institution.

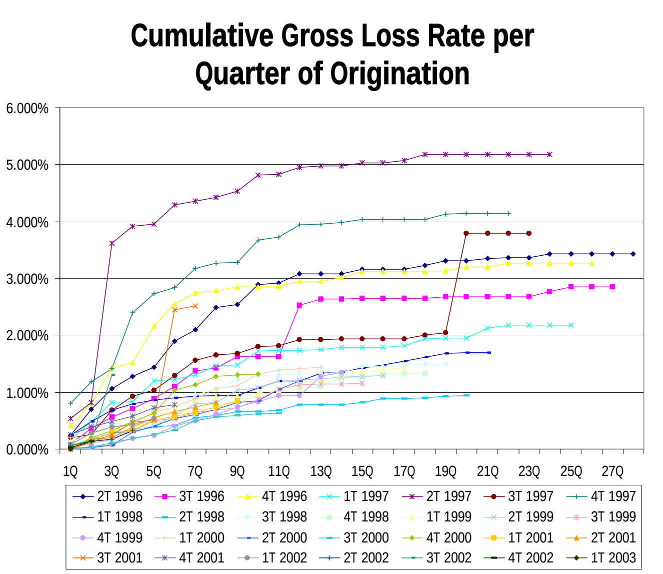
Management Company

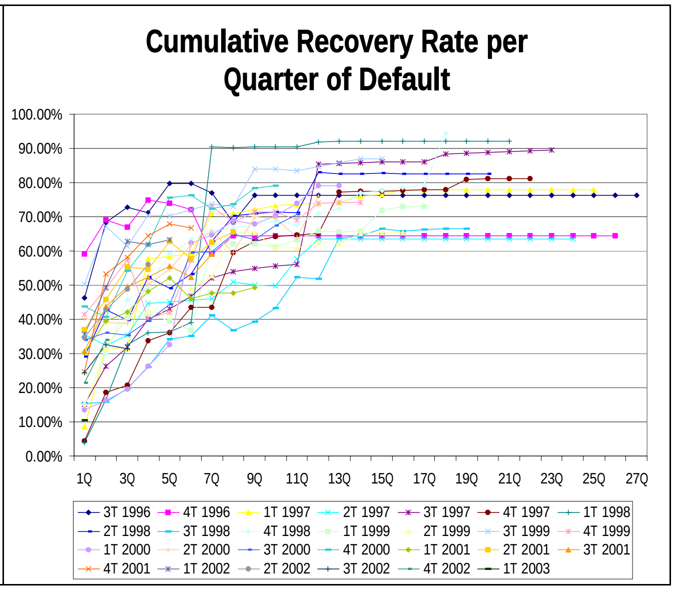
GestiCaixa, S.G.F.T., S.A., is an experienced management company in the Spanish securitisation market. The *gestora* is fully owned by La Caixa, and its obligations within the structure are supported by all of its shareholders.

MOODY'S ANALYSIS

Moody's used a lognormal approach based on default and recovery historical information provided by the originator

Moody's has based its analysis on the historical performance of sample pools similar to the pool being securitised. The main parameters for the default rate (mean and standard deviation) have been derived from the historical data, and later adjusted for (1) the seasoning of the portfolio, (2) an expected less favourable macro-economic environment and (3) other qualitative aspects. It is important to note that a loan has been considered as 'defaulted' after 90 days past due. Assumptions for recoveries, delinquency and prepayments have also been established.





Quantitative modelling

Moody's has used an expected loss methodology that reflects the probability of default for each series of notes times the severity of the loss expected for each series of notes. For this analysis, gross losses have been assumed to be lognormally distributed, with a mean of 2.10% and a standard deviation of 1.16%. To allocate losses to the notes in accordance with their priority of payment and relative size, Moody's has built a model that reproduces the cash flows and different triggers present in the transaction. The sensitivity to a variation in the initial assumptions has also been tested.

The excess spread, together with the line of credit and the subordination of the various series, provides a credit enhancement that is sufficient to achieve expected losses that, combined with each series' expected average life, are consistent with the range of the ratings of the notes.

Structural Analysis

Moody's considers how the cash flows generated by the collateral are allocated to the parties within the transaction, and the extent to which various structural features of the transaction may provide additional protection to investors, or act as a source of risk themselves. In addition, Moody's ensures that the transaction is not affected by the bankruptcy of the originator or the servicer of the portfolio.

Legal Analysis

Moody's makes sure that the legal documentation correctly reflects the structure of the deal, as well as the assumptions made in its analysis.

RATING SENSITIVITIES AND MONITORING

Moody's will monitor the performance of the transaction on an ongoing basis

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.

GestiCaixa, S.G.F.T, S.A, in its capacity as management company, will prepare quarterly monitoring reports with respect to the portfolio and payments to the notes. These reports will detail the amounts received by the issuer during each collection period and will provide portfolio data.

RELATED RESEARCH

Visit Moodys.com for further details

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:

- RATING METHODOLOGY: "FTPYMEs: Moody's Analytical Approach to Spanish Securitisation Funds Launched Under Government's FTPYME Programme", Special Report, October 2003
- RATING METHODOLOGY: "The Lognormal Method Applied to ABS Analysis", Special Report, July 2002
- "GC FTGENCAT II, FTA", New Issue Report, April 2003

SF29371isf