Pre-Sale Report

Report Date:
September 21, 2010

Insight beyond the rating.

GC FTPYME SABADELL 8, F.T.A.

Analysts

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Ratings

Debt Rated	Amount	Assumed Coupon	Provisional Rating	Rating Action
Series A1(G)	€ 250,000,000	[Euribor 3 months + 1.30%]	[AAA] (sf)	Rating-Provisional
Series A2(G)	€ 390,000,000	[Euribor 3 months + 1.35%]	[AAA] (sf)	Rating-Provisional
Series A3	€ 160,000,000	[Euribor 3 months + 1.40%]	[AAA] (sf)	Rating-Provisional
Class B	€ 200,000,000	[Euribor 3 months + 1.50%]	[BB (high)] (sf)	Rating-Provisional

Transaction Parties and Relevant Dates

Issuer	GC FTPYME SABADELL 8, F.T.A.
Closing Date	[22] September 2010
First Payment Date	20 January 2011
Payment Dates	20, January, April, July, October
Final Maturity Date	[30 June 2039]
Legal Final Maturity	20 January 2045
Payment agent	Banc Sabadell
Holder of the Repayment and Cash Accounts	Banc Sabadell
Supplier of the Subordinate Loan for Initial Expenses	Banc Sabadell
Supplier of the Reserve Fund Subordinate Loan	Banc Sabadell
Part B of the Interests Financial Swap	Banc Sabadell
Managing and subscribing institution	Banc Sabadell
Arrangers	Banc Sabadell
Placement Entities	Banc Sabadell and WestLB
Series A1(G) and A2(G) guarantor	Dirección General del Tesoro
Fund Legal Counselor	Garrigues
Rating Agency	DBRS, S&P
Asset external audit of the Credit Rights	Ernst &Young
Issue registry	CNMV
Secondary market	AIAF
Accounting register of the Notes	Iberclear

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Executive Summary

GC FTPYME SABADELL 8, F.T.A. is a limited liability company incorporated in accordance with Spanish legislation as a special purpose vehicle ("SPV") for the purpose of the issuance of asset-backed securities and the acquisition of the mortgage and non-mortgage loans. The SPV will initially issue four series of asset-backed notes to finance the purchase of the loans (at par). Interest income received by the Fund will be distributed quarterly on the Payment Date according to the Cash Flow Waterfall established for payments of the Fund.

DBRS has assigned provisional ratings to the GC FTPYME SABADELL 8, F.T.A. ("Fund") as listed on Page 1. This transaction is being structured as a public transaction with two Classes of Notes: Class A (Series A1(G), A2(G) and A3) and Class B.

Holders of Series A1(G) and Series A2(G) have less risk associated with the transaction due to the existence of the State Warranty ("Warranty"). The timely payment of interest and principal of Series A1(G) and Series A2(G) are guaranteed by the Ministry of the Economy and Finance of the Kingdom of Spain. The Warranty will be executed in the event that available funds are insufficient to cover interest or principal on these series. Regardless of the Warranty, however, the expected loss associated with Series A1(G) and A2(G) is consistent with a AAA (sf) rating. The Class A Notes are supported by subordination and a cash reserve and are senior to all other Notes.

DBRS based the rating primarily on:

- an evaluation of the underlying portfolio of SME loans;
- the historical performance information and internal ratings information provided by the Originator;
- the credit enhancement provided through the cash reserve, the state guarantee for Series A1 (G) and Series A2 (G), the 12 month artificial write-off and excess spread provided under the swap agreement; and
- the legal and structural integrity of the transaction.

Collateral Summary as of August 30, 2010

Type	SME Loans
Principal	€1,114,071,587
Number of Loans	3,845
Originated	March 1999 - February 2010
Delinquent Percentage	No more than 5.00% of the Outstanding Balance of the Credit Rights shall be in payment arrears by more than 30 days and no more than an additional 1% of the Outstanding Balance of the Credit Rights shall be in payment arrears by more than 66 days on the date of Closing
Avg. Original Loan Size	€289,746

Rating Consideration

Strengths

- The Class B Notes provide 20% credit enhancement to the Class A Notes;
- The Reserve Fund is fully funded on the Closing Date, providing an additional 9.0% of credit enhancement;
- The SME loan collateral is supported by mortgages, personal guarantees, business assets and other types of guarantees;
- Banco Sabadell provided extensive historical default and recovery data starting from January 1997;
- The Originator has a long tradition in SME Banking with a leading market share in Spain;
- The Originator has a well established credit underwriting process, as well as an independent credit scoring and risk monitoring group; and

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- The Guarantee from the Kingdom of Spain for the Series A1(G) and A2(G) Notes is very important from the perspective of the Note buyer and will support the rating of the notes. However, it was not considered for the purpose of rating the Class A Notes.

Challenges

- Pro rata amortisation of the Series B Notes reduced credit enhancement of the senior series;
- Geographic concentration to obligors from the Banco Sabadell's origin of Catalonia, somewhat mitigated by the high level of expertise the Company has in the region and that an important part of its business is concentrated in that region;
- Significant exposure to the real estate industry in deteriorating Spanish real estate market. However, according to the Originator's files, none of the Credit Rights included in this portfolio are to real estate developers for the purpose of (i) financing the construction or refurbishing of residential, commercial or industrial properties or (ii) purchasing land for sale. Instead they are for other financing activities, such as working capital, etc.; and
- A basis mismatch exists between the interest paid on the SME Loans, which are calculated with reference to a different Euribor reference index, as well as fixed interest loans, and the Issuer's liabilities, which are based on 3-month Euribor set on a different date. To hedge its exposure arising from this mismatch, the issuer will enter into basis swaps.

Reserve Fund

At closing there will be a Cash Reserve Account of € 90,000,000, as a guarantee mechanism in the event of losses due to defaulted or unpaid credit rights.

If drawn down, the Reserve Fund will then be replenished up to its required balance on each payment date in accordance with the priority of payments. The minimum level of the Reserve Fund is the lesser of 9% of the total Note issues and 18% of the outstanding principal pending payment of the Notes.

At no time can the minimum level of the reserve fund fall below 4.5% of the total amount of the Note issue.

Basis Swap

The interest rate risk in this transaction is associated with some assets that are subject to fixed interest rate while all liabilities are subject to variable interest rate. There is a mismatch in the payment frequency of the assets versus the issued notes. To mitigate this, the Issuer will enter into an Interest Rate Swap Agreement. The Swap Counterparty will have to either post collateral or be replaced if its rating falls below the levels as specified in the Swap transaction documents.

The Interest Rate Swap is set up to cover: (i) the interest rate risk of the Fund due to the fact that the Credit Rights are subject to fixed and variable interest rates tied to different indices of reference and adjustment periods than those established for the Notes, (ii) the risk posed by the fact that the Credit Rights may be subject to renegotiations that decrease the agreed interest rate, and (iii) the risk derived from the existence of maximum interest rates in the portfolio. The Swap Counterparty will pay an amount equal to the sum of the weighted average interest rate of Series A1(G), Series A2(G), Series A3 and Series B and credit enhancement of 60 bps spread over the Note interest rate.

Priority of Payments

From the Offering Memorandum:

1. Payment of taxes and ordinary and extraordinary expenses of the Fund, including the commission of the Managing Society and the Agent of Payments and excluding the payment to the Manager of the corresponding commission for the administration of the Credit rights except the assumption of replacement;

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2. Payment of the Financial Swap net amount only if the contract is terminated because of a default by the Fund, with the net amount corresponding to the actual net value of the swap contract;
3. Payment of Interest, pro rata, on the Class A Notes (Series A1(G), A2(G) and A3) due and unpaid from previous Payment Dates and reimbursement to the State of the amounts provided under the Guarantee for interest of the Series A1(G) and A2(G);
4. Payment of Interest, pro rata, on the Class A Notes (Series A1(G), A2(G) and A3) accrued from the previous Payment Date;
5. Payment of Interest on the Class B Notes, unless delayed;
6. Retention of the Funds Available for Amortization;
7. Payment of Interest on the Class B Notes, when delay takes place;
8. Replenishment of the Reserve Fund to the amount required to maintain its Minimum Level;
9. Payment of Interest due and unpaid to the Loan of the Reserve Fund;
10. Payment of Principal of the Loan amount to the Reserve Fund;
11. Amount payable by termination of the Interests Financial Swap Agreement (except in the event of 2);
12. Payment of Interest on the Subordinate Loan that was used for the Initial Expenses;
13. Payment of Principal of the Subordinate Loan that was used for the Initial Expenses;
14. Payment of Administration Fee;
15. Payment of Brokerage Margin Fee.

Originator and Servicer

Banco Sabadell ("Company") is the fourth largest banking group in Spain with significant presence in SME segment. The Company is especially strong in serving medium-sized corporate segment with revenue of € 10- 50 million and large companies with revenue above € 50 million. Banco Sabadell also benefits from its strong foothold in Catalonia.

The Company was established by a group of 127 businessmen and traders in 1881 with the sole purpose of providing financing to the local industry. Over the last 30 years Banco Sabadell was transformed from a regional bank to a financial institution with presence in numerous regions throughout Spain and expanding international presence. In its decision to establish a wider presence across the country, Banco Sabadell announced the acquisition of Banco Guipuzcoano, S.A. in June 2010.

Currently the Company's businesses include retail banking, commercial banking, corporate banking, private banking, asset management, investment banking, consumer finance and capital markets activities. At year-end 2009 Banco Sabadell's Total Assets, Customer Loans, Customer Deposits and number of branches were roughly 3% of the Spanish market.

DBRS Analysis

DBRS used its Large Pool default model to project a default rate of 37.39% at the AAA stress level on the portfolio based on its characteristics and the Originator's historic default performance. A break even default rate on the rated notes was determined using the DBRS CDO Cash Flow Model by determining the amount of collateral defaults the Notes can withstand before experiencing a loss. The minimum break even default rate of 37.83% over 9 combinations of default timing and interest rate stresses was used.

Since the Notes can withstand 0.44% more defaults than what is forecast at the AAA stress level, the Class A Notes were granted a AAA rating.

Rating Sensitivities and Monitoring

The rating of the Class A Notes depends on the portfolio performance and counterparties' ratings. The main triggers that we will rely on for our monitoring are:

• the maintenance of the cash reserve amount at the required level;
• the levels of net cumulative default; and

• any event of default by the Issuer.

DBRS will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected. Any subsequent changes in the rating will be publicly announced.

Note:
All figures are in Euros unless otherwise noted.