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March 12, 2012

New Issue: GC FTPYME UNNIM 1, Fondo de Titulizacion de Activos

€275 Million Floating-Rate Notes

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Ratings Detail

Class	Rating*	Amount (mil. €)	Total available credit support (%)	Interest	Legal final maturity
AG§	AAA (sf)	110.0	60.0	Three-month EURIBOR plus 50 bps	Dec. 17, 2053
AS	AAA (sf)	27.5	60.0	Three-month EURIBOR plus 75 bps	Dec. 17, 2053
B	NR	137.5	0.0	Three-month EURIBOR plus 275 bps	Dec. 17, 2053

*Standard & Poor's ratings address timely interest and ultimate principal. §The class AG notes benefit from a guarantee from the Kingdom of Spain. EURIBOR--Euro interbank offered rate. Bps--Basis points. NR--Not rated.

Transaction Participants	
Originators	Caixa d'Estalvis de Sabadell, Caixa d'Estalvis de Terrassa, Caixa d'Estalvis Comarcal de Manlleu, and UNNIM Caixa
Arranger	GestiCaixa, S.G.F.T., S.A.
Trustee	GestiCaixa, S.G.F.T., S.A.
Servicer	UNNIM Banc, S.A.
Paying agent and treasury account provider	Caixabank S.A.
Reserve fund account provider	Banco Bilbao Vizcaya Argentaria S.A.
Swap counterparty	Caixabank S.A.
Commingling fund account provider	Banco Espanol de Credito S.A.

Supporting Ratings

Institution/role	Ratings
Caixabank S.A. as treasury account provider and swap counterparty	BBB+/Stable/A-2
Banco Bilbao Vizcaya Argentaria S.A. as reserve fund account provider	A/Negative/A-1
Banco Espanol de Credito S.A. as commingling fund account provider	A+/Negative /A-1

Transaction Key Features*	
Closing date	Dec. 29, 2011
Collateral	Loans granted to Spanish SMEs and self-employed borrowers
Principal outstanding preliminary pool (€)	331,754,485.62
Country of origination	Kingdom of Spain
Largest 10 obligors (% of preliminary pool)	6.15
Regional concentration	Catalonia (99.25%)
Industrial concentration	Real estate activities (23.14%), retail sale (9.07%), wholesale (6.76%), and food and beverages (6.76%); the four major industries represent 45.73% of the pool
Average current loan size balance (€)	49,258
Loan size range (€)	53.29 to 1,908,295

Transaction Key Features* (cont.)	
Weighted-average interest rate (%)	4.47
Arrears	As of closing, loans in arrears between 30 and 90 days were up to 1% in the closing pool
Redemption profile	Amortizing (100%)
Excess spread at closing	75 bps (guaranteed by the swap)
Cash reserve (%)	10

*As of Nov. 17, 2011. SMEs--Small and midsize enterprises.

Transaction Summary

On Dec. 29, 2011, Standard & Poor's Ratings Services assigned its 'AAA (sf)' credit ratings to GC FTPYME UNNIM 1, Fondo de Titulizacion de Activos' class AG and AS notes. At closing, GC FTPYME UNNIM 1 also issued unrated class B notes (see "Ratings Assigned In Spanish ABS Of SMEs Transaction GC FTPYME UNNIM 1," published on Dec. 29, 2011).

The transaction securitizes a pool of secured and unsecured loans granted to Spanish small and midsize enterprises (SMEs) and self-employed borrowers, which were originated by Caixa d'Estalvis de Sabadell (Caixa Sabadell), Caixa d'Estalvis de Terrassa, (Caixa Terrassa), Caixa d'Estalvis Comarcal de Manlleu (Caixa Manlleu), and UNNIM Caixa.

In July 2011, we saw the creation of UNNIM Banc S.A. to provide banking and financial services after the recapitalization process of UNNIM Caixa. This was part of the "Fondo de Restructuración Ordenada Bancaria" (FROB)—the restructuring of Spain's savings bank system. UNNIM Banc will act as servicer.

In March 2012, BBVA acquired UNNIM Banc.

Caixabank S.A. (BBB+/Stable/A-2) acts as treasury account provider and swap counterparty. Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A/Negative/A-1) acts as reserve fund account provider. Banco Espanol de Credito S.A. (Banesto; A+/Negative/A-1) acts as commingling fund account provider.

Our 'AAA (sf)' ratings on the class AG and AS notes reflect our assessment of the credit and cash flow characteristics of the underlying asset pool, as well as an analysis of the counterparty and operational risks of the transaction. Our analysis indicates that the credit enhancement available to the class AG and AS notes is sufficient to mitigate the credit and cash flow risks to a 'AAA' rating level.

Additionally, we consider that the transaction documents adequately mitigate the counterparty risk from the interest rate swap and treasury account provider to a 'AAA' rating level, in line with our 2010 counterparty criteria (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

Notable Features

This is the first public securitization UNNIM Banc has completed of its loans granted to SMEs and self-employed clients. It comprises a mixed pool of unsecured and secured assets.

The class AG notes benefit from an irrevocable and unconditional guarantee for principal and interest payments from the Kingdom of Spain (A/Negative/A-1). On receipt of a notice of a shortfall in the available funds to meet either the interest or principal repayment obligations, or both, the Kingdom of Spain must cover the shortfall within a maximum of 90 days, under the terms of the transaction documents. We did not give credit to this guarantee in our analysis as it does not meet our guarantee criteria requirements.

The ratings on the class AG and AS notes take into consideration the subordination of the class B notes (not rated), a reserve fund, a commingling reserve, an interest swap agreement, and the rest of the transaction agreements.

At closing, the reserve fund was fully funded by a subordinated loan, and represented 10% of the issuance balance. During the life of the transaction, the reserve fund will be used to pay senior expenses, and to pay interest and principal on the class AG and AS notes.

As in many other Spanish transactions, interest and principal from the underlying assets are combined into one priority of payments. The class B notes are fully subordinated to the class AG and AS notes. Class A (AG and AS) and class B amortize sequentially.

The issuer was established as a fondo de titulización de activos, a Spanish special-purpose entity.

We based our analysis on the credit quality of the pool, its characteristics, and the transaction structure and cash flow mechanics.

Strengths, Concerns, And Mitigating Factors

Strengths

- In our opinion, credit enhancement adequately covers the various stresses we applied to the transaction. Credit enhancement comprises subordination and the subordinated loan that fully funded the reserve fund on the closing date.
- The reserve fund provides protection exclusively to the class AG and AS notes (see "Cash reserve"). The initial level of the reserve fund is 10% of the initial collateral balance. Fifty per cent of the reserve fund is deposited in the treasury account held at Caixabank S.A.; the remaining 50% is deposited in an account at Banco Bilbao Vizcaya Argentaria S.A. (BBVA).
- Interest on the class B notes is paid after amortization of the class AG and AS notes.
- The transaction has an interest swap and the swap counterparty is Caixabank S.A. The fund pays interest collection to the swap counterparty and receives a weighted-average coupon on the notes plus 0.75%, based on the outstanding performing balance of the collateral plus servicer fees if the transaction substitutes the servicer.
- Of the pool, about 42% represents secured loans, mainly secured by residential properties, commercial premises, and industrial warehouses. These loans typically carry a higher recovery level.
- On average, loans in the pool have been paying installments for approximately 26 months, compared with an average seasoning of 12-24 months in previous Spanish SME transactions that we rate. We believe that default probability decreases the longer a borrower has been paying a loan.

Concerns and mitigating factors

- There is geographical concentration risk because 99.25% is concentrated in the Catalonia region. Also, this is the originators' home region. We have taken this into account in our credit analysis.
- There is industry concentration risk because about 23% of the loans were granted to SMEs and self-employed borrowers from the real estate and construction sector. We have taken this into consideration in our credit analysis. We also believe that the construction and real estate sectors are relatively vulnerable to the economic

downturn.

- Fifty-eight per cent of the loans in the pool are unsecured loans (not secured by a mortgage guarantee). We have stressed this in our credit analysis by assuming a lower base-case recovery rate.
- There is some concentration at the obligor level. The largest borrower and the largest 10 borrowers together represent 0.75% and 6.15% of the outstanding balance of the pool, respectively. There are more than 6,000 obligors. The obligor concentration levels are still within the limits that we consider as being consistent with taking an actuarial approach in the credit analysis of European SME pools.
- Caixa Terrassa's, Caixa Manlleu's, and UNNIM Caixa's secured loans cumulative 90+ day delinquency data are worse than the average performance data of other Spanish SME loan originators. We have taken this into our account in our credit analysis.
- In the event of servicer insolvency, commingling risk could arise. The transaction structure features a commingling fund equal to two months of collections. Under our stresses, commingling is a loss of one month of interest and principal collections. We considered that commingling risk under our stresses is fully mitigated.
- The transaction has different sellers. We received consolidated performance data from Caixa Terrassa, Caixa Manlleu, and UNNIM Caixa. We also received performance data for Caixa Sabadell's eligible portfolio. The transaction pool comprises unsecured loans originated by Caixa Sabadell, as well as secured and unsecured loans originated by Caixa Terrassa, Caixa Manlleu, and UNNIM Caixa. We have taken into account the different performance of each originator for each type of loan in our credit analysis.

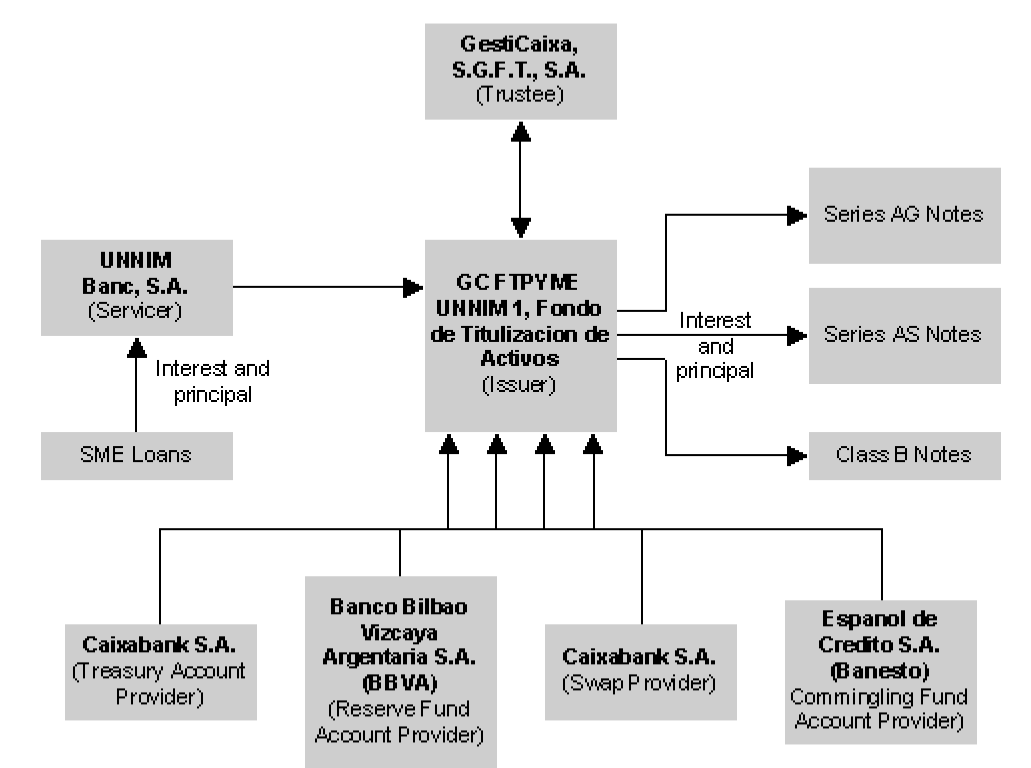
Trustee Or "Sociedad Gestora"

GestiCaixa, S.G.F.T., S.A. as trustee enters into certain contracts on GC FTPYME UNNIM 1's behalf; these include swap contracts, bank account contracts, and subordinated credit facilities and loans. GC FTPYME UNNIM 1 uses these contracts to protect the noteholders against credit losses and liquidity shortfalls that could arise in connection with the underlying loans.

Transaction Structure

At closing, GC FTPYME UNNIM 1 issued three classes of notes and used the proceeds of the issuance to purchase the closed portfolio (see chart 1).

Chart 1: GC FTPYME UNNIM 1, Fondo de Titulizacion de Activos
Transaction Structure



In this transaction, GestiCaixa's main responsibilities are to create the special-purpose entity, issue the notes on GC FTPYME UNNIM 1's behalf, calculate the interest on the notes, and notify noteholders of any relevant information applicable to the notes.

GC FTPYME UNNIM 1 was created specifically to purchase the loans from UNNIM Banc, issue the notes (through the trustee), and carry out related activities. The assets are insulated if UNNIM Banc or the trustee becomes insolvent.

GC FTPYME UNNIM 1 pays the noteholders quarterly principal and interest on the notes following a determined priority of payments. The transaction features some structural enhancements derived from the notes' amortization, the reserve fund, the swap contract, the bank account agreements, and the commingling fund.

As in other Spanish transactions, interest and principal from the underlying assets are combined into a single priority of payments.

Cash collection arrangements

UNNIM Banc, as servicer, collects the amounts due under the loans, and transfers them to the treasury account held in the name of the issuer at Caixabank everyday.

Treasury account, reserve fund account, and commingling account

Caixabank will hold the treasury account in the name of the issuer. In addition to interest and principal collections from the loans for each collection period, this account will hold 50% of the reserve fund.

BBVA will hold the reserve fund account, where the remaining 50% of the cash reserve will be deposited.

Banco Espanol de Credito S.A. (Banesto) holds the commingling fund account.

To mitigate the counterparty risk under this transaction, the transaction documents include downgrade language for the treasury account, the reserve fund account, and the commingling account agreements. According to our 2010 counterparty criteria, the minimum long-term rating on the account provider is 'A', with a short term rating of 'A-1'; otherwise 'A+'. If the ratings on the counterparty are below the minimum required ratings, it becomes an ineligible counterparty and it has 60 calendar days to:

- Find a replacement with a long-term rating of at least 'A' with a short-term rating of 'A-1', otherwise at least 'A+'; or
- Find an adequate guarantor with a long-term rating of at least 'A' with short-term rating of 'A-1', otherwise at least 'A+'.

UNNIM Banc will bear all the costs of the remedies.

Cash reserve

The structure benefits from a cash reserve fund. At closing, the cash reserve was fully funded by a subordinated loan. The reserve fund is used on each payment date to pay senior fees, and interest and principal on the class AG and AS notes.

According to the transaction documents, after three years have elapsed, the cash reserve account amortizes if the following transaction conditions are met:

- Loans in arrears for more than 90 days and less than 12 months must be equal to, or lower than 1% of the outstanding balance of nondefaulted loans in the pool; and
- The reserve fund must have been at the required level on the previous payment date.

The reserve fund required on each payment date is the minimum of:

- €27.5 million; and
- 20% of the outstanding balance of the notes.

The cash reserve floor is €13.75 million.

At closing, 50% of the reserve fund was deposited in the treasury account held at Caixabank, while the remaining 50% was deposited in the cash reserve account held at BBVA.

Commingling fund

In the event of servicer insolvency, commingling risk could arise. Under our stresses, commingling is a loss of one month of interest and principal collections. In order to mitigate commingling risk, the transaction structure features a commingling fund equal to two months of collections.

The commingling fund will be funded at closing by a credit line. The commingling fund required amount will be calculated as two months of interest and principal collections, as per the servicer reports. At closing, the commingling fund amount was €8.7 million.

Swap agreement

Caixabank is the swap counterparty for the issuer. The swap aims to neutralize the mismatch between the interest of the securitized loans and the issued bonds.

The issuer pays to the swap counterparty interest collection during the calculation period. The swap counterparty pays to the fund, over the balance of the daily average performing loans (defined as being current, or in arrears for less than 90 days) the weighted-average coupon on the notes, plus 0.75%, plus the servicing fees in case of replacement.

Swap counterparty downgrade language

The transaction documents provide that if the rating on Caixabank, as swap counterparty, is downgraded below a long-term rating of 'A', with a short-term rating of 'A-1'—otherwise 'A+'—it must within 10 business days post collateral in cash or government bonds for 1.25x of the mark-to-market of the swap, and using volatility buffers as per our criteria.

If the long-term rating on Caixabank, as swap counterparty, drops below 'BBB+', it would become an ineligible counterparty and would need to find a replacement or a guarantor with a long-term rating of 'A', with a short-term rating of 'A-1'—otherwise 'A+'—within 60 calendar days.

If an ineligible counterparty does not replace itself within the remedy period, we may lower our ratings on the notes to levels that the counterparty's then-current rating can support. We take into consideration the amount of collateral in analyzing the transaction after we downgrade the counterparty. Our analysis assumes that a replacement of the ineligible counterparty occurs. However, given the nature of this swap, it may be difficult to find a replacement. Therefore, the market should understand and consider the risk of downgrade to the transaction, if a replacement is not found.

According to the transaction documentation, the downgraded counterparty will bear all the costs of the remedies.

The downgrade language reflected in the transaction documents is in line with our 2010 counterparty criteria (see "Counterparty And Supporting Obligations Methodology And Assumptions," published on Dec. 6, 2010).

Redemption of the notes

The notes amortize sequentially, in the following order:

- The class AG notes, from the first interest payment date (IPD) until they are fully redeemed;
- The class AS notes; and
- The class B notes, once the class AG and AS notes are fully redeemed.

The amortization amount, on each payment date, will be the positive difference between:

- The principal outstanding balance under all the classes of notes; and
- The principal outstanding balance of all outstanding nondefaulted loans (less than 12 months in arrears).

The class AG and AS notes will amortize pro rata if the proportion of (i) the outstanding balance of non-delinquent loans, plus loans delinquent up to 90 days, plus the amounts received from the assets during that period; and (ii) the outstanding balance of the class AG and AS notes, plus amounts used from the Kingdom of Spain guarantee, is less than or equal to 1.

Priority Of Payments

On each quarterly IPD, FTPYME UNNIM 1 pays in arrears the interest due to the noteholders. To make the payments, the issuer's available funds include: amounts standing in the reserve fund; interest and principal received under the loans; the proceeds of the swap; returns from the amounts standing in the treasury and reserve fund accounts, reserve fund account, and commingling account; the amounts of the Government Guarantee, which can only be used to pay interest and principal of the class AG notes; and any other proceeds received from the loans.

The issuer applies all interest and principal received from the collateral to pay interest and principal due under the notes in the following order:

- Senior fees;
- Administration fees;
- Net payments under the swap agreement (other than swap termination payments due to a default or breach of contract by the swap counterparty);
- The outstanding interests and reimbursement of amounts used to pay interest on the class AG notes under the government guarantee;
- Interest on the class AG notes;
- Interest on the class AS notes;
- Redemption of the class A notes (the class AG and AS notes, as described above);
- Cash reserve replenishment;
- Swap termination payments due to a default or breach of contract by the swap counterparty;
- Interest on the class B notes;
- Principal on the class B notes, once the class AG and AS notes are fully amortized;
- Cash reserve replenishment once the class A notes are fully amortized;
- Interest on the credit line for the commingling fund;
- Interest on the subordinated loan for the reserve fund;
- Principal on the subordinated loan for the reserve fund;
- Interest on the subordinated loan for initial expenses;
- Principal on the subordinated loan for initial expenses;
- The servicer fee;
- Reimbursement of the amounts drawn under the credit line; and
- The financial margin.

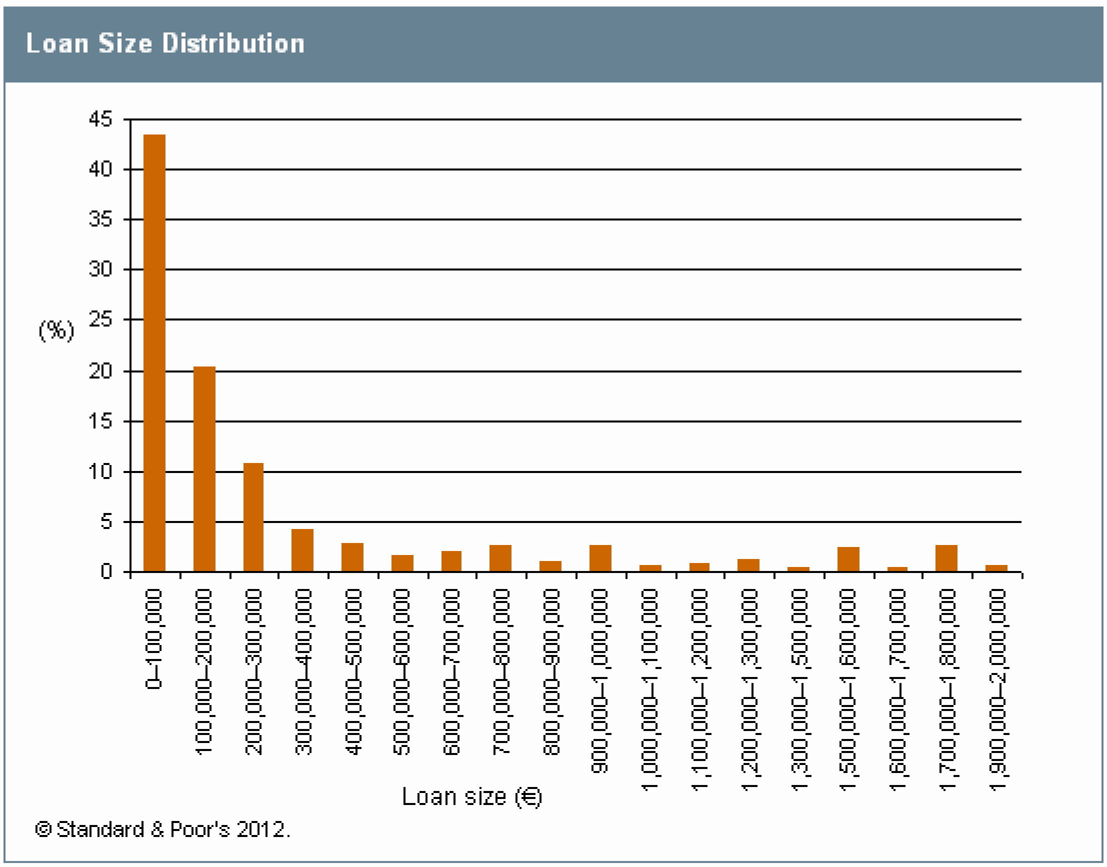
In this transaction, two triggers ensure that, in a stressful economic environment, the more senior notes amortize before FTPYME UNNIM 1 pays interest on the subordinated classes of notes.

Collateral Description

As of Nov. 17, 2011, the pool comprised 6,735 secured and unsecured loans. Caixa Sabadell, Caixa Terrassa, Caixa Manlleu, and UNNIM Caixa originated the pool between 2000 and 2011, and the major industrial concentration is in the building and development sector, representing 23.14%.

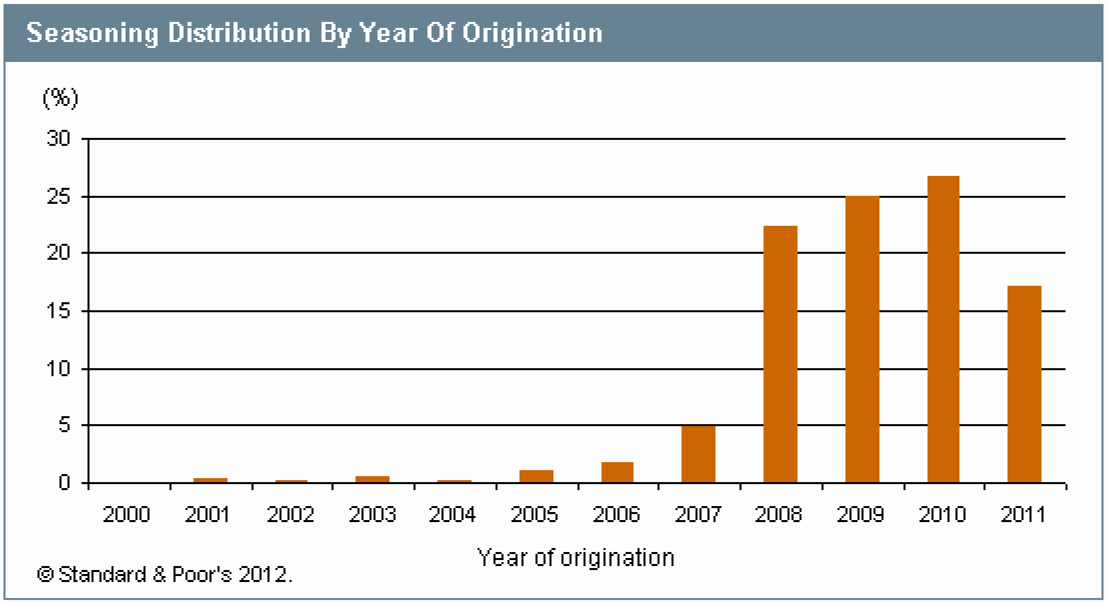
The pool shows some level of concentration at the obligor level. The largest obligor represent 0.75% of the pool, and the largest 10 obligors represent 6.15% of the pool. The obligor concentration levels are still within the limits that we consider consistent with taking an actuarial approach in the credit analysis of European SME pools. Chart 2 shows the portfolio by loan size distribution.

Chart 2



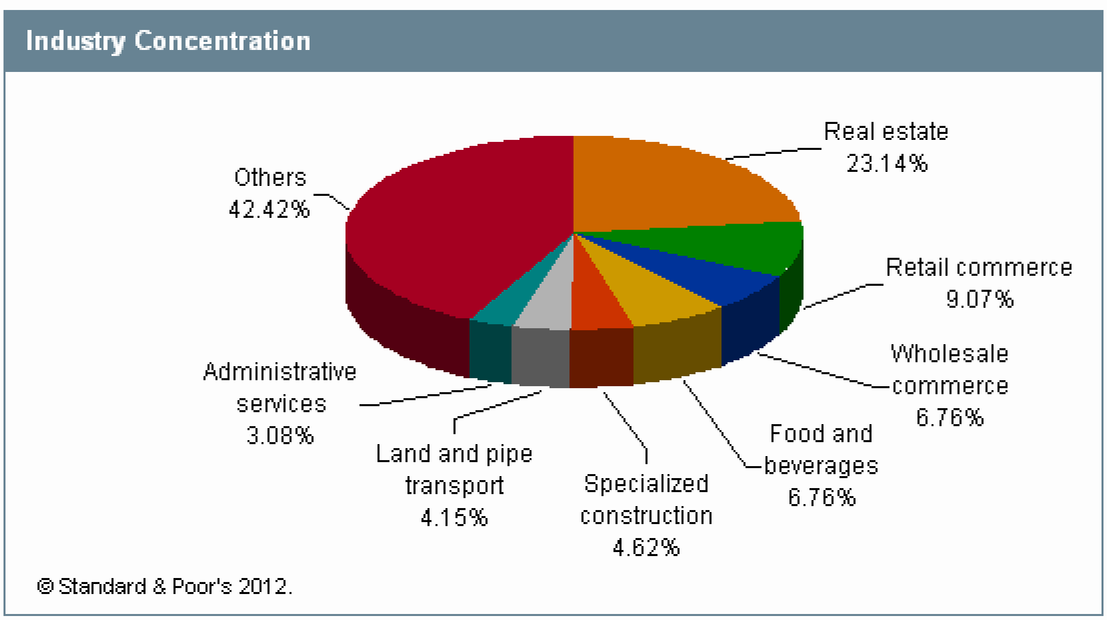
The pool has a weighted-average seasoning of 26 months, and 91.1% of the loans have been originated since 2008 (see chart 3).

Chart 3



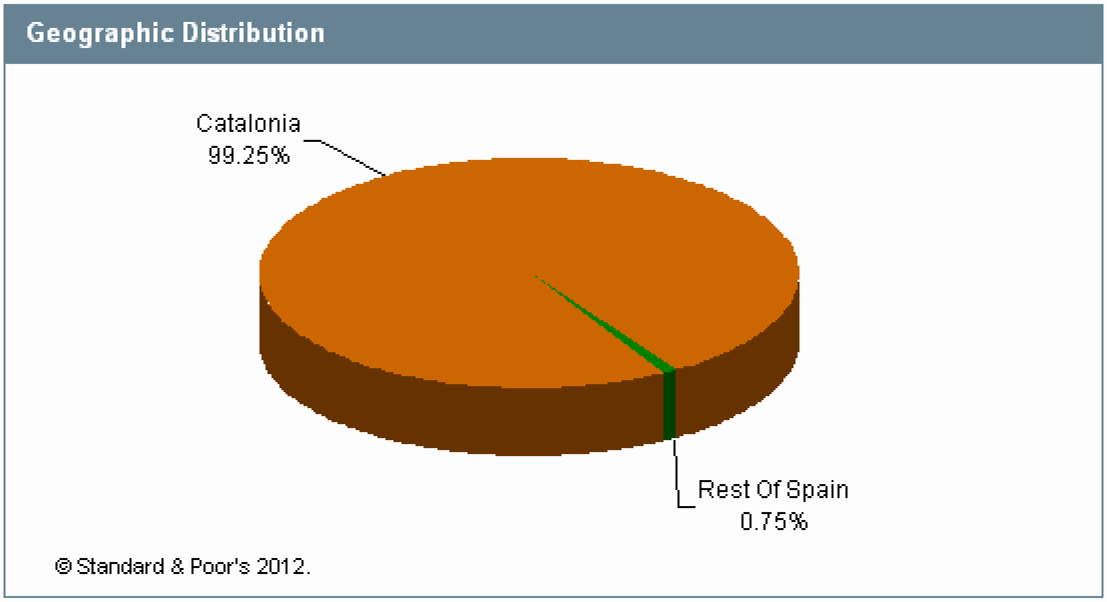
The major industry concentration is in real estate activities (23.14%). The four major industries represent 45.73% of the pool.

Chart 4



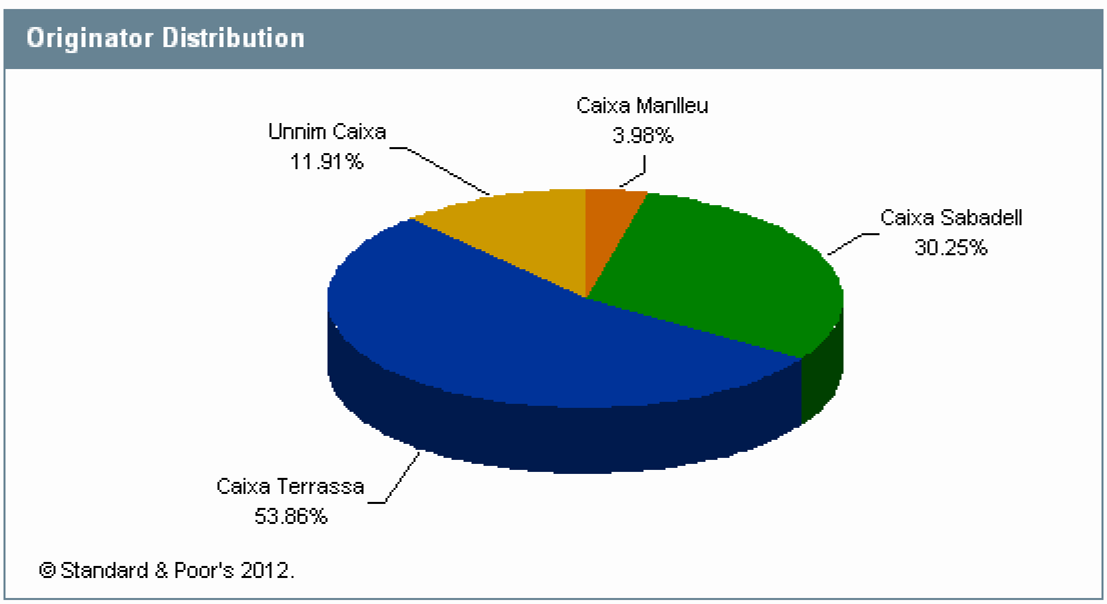
Of the pool, 99.25% is concentrated in Catalonia, which is the home market of the originators (see chart 5).

Chart 5



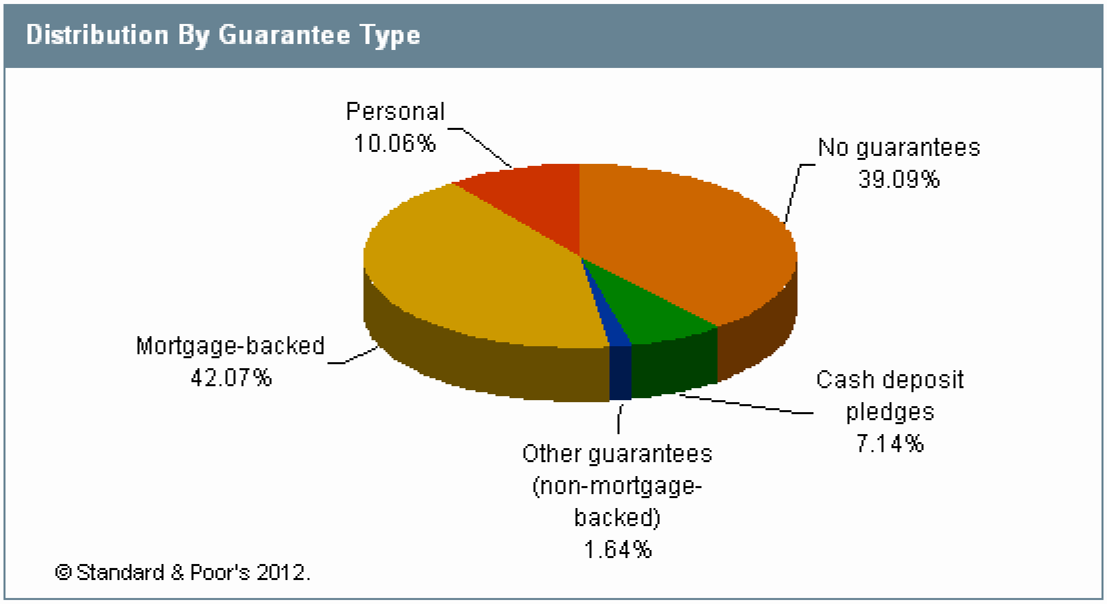
More than half of the pool was originated by Caixa Terrassa. Caixa Sabadell originated about 30% of the pool.

Chart 6



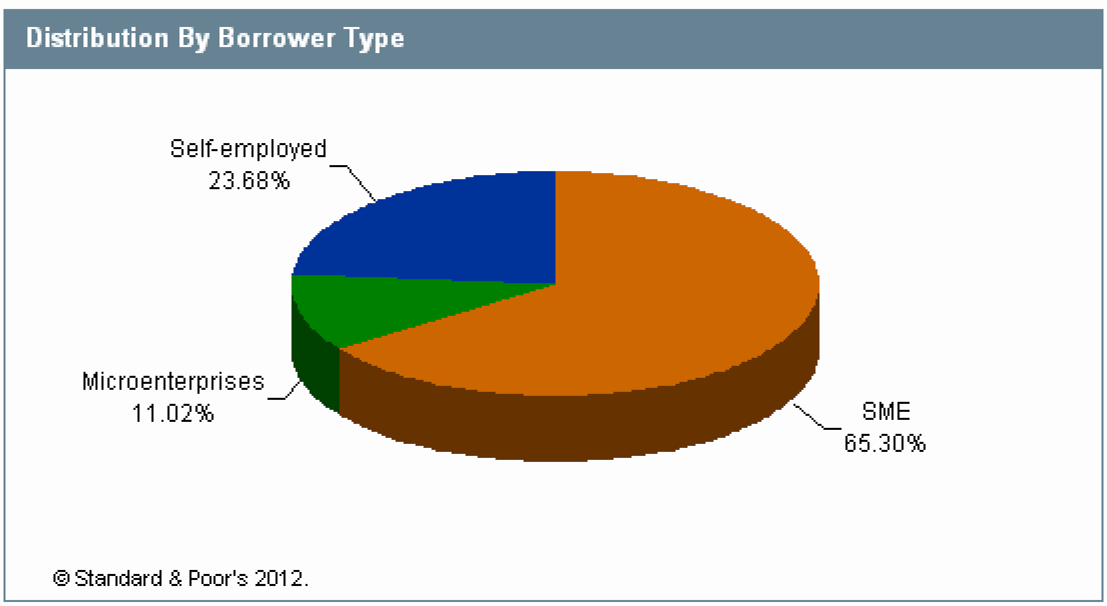
Of the pool balance, 42.07% of the loans are secured, mainly by residential properties, commercial premises, and industrial warehouses (see chart 7).

Chart 7



Of the loans, 65.30% were granted to SMEs, and almost 24% to self-employed borrowers (see chart 8).

Chart 8



Credit Analysis

To assess the pool's credit risk, we conducted an actuarial analysis on historical data provided by the originator. We adopted this actuarial approach because the securitization portfolio includes broadly homogenous assets which are meaningfully diversified (more than 500 obligors and the largest one represent less than 1% of the pool). Also, the portfolio is fully representative of the relevant SME and self-employed loan books of the originators. This is in line with "Standard & Poor's Rating Methodology for CLOs Backed by European Small- and Midsize-Enterprise Loans," published on Jan. 30, 2003.

With the historical data provided by the originator, we can determine a foreclosure probability and a loss rate at each rating level. The product of these two variables gives an estimate of the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Delinquency rate

In the transaction, the loss is recognized as soon as an agreement defaults, if it is more than 12 months in arrears. The calculation of our cumulative default base-case assumption was based on the historical quarterly data provided by UNNIM Banc (see chart 9).

To obtain the base-case default rate, we estimated an average default rate based on the historical data regarding 90+ day cumulative delinquencies, by quarter of origination, which the originators provided for their SME and self-employed loan books for secured and unsecured loans. We then calculated the weighted-average base case based on the composition by originator and type of loan in the securitization pool. Finally, we applied multiples to the base case to obtain the default rate for different rating scenarios.

The data for Caixa Terrassa, Caixa Manlleu, and UNNIM Caixa were provided on an aggregated basis, because the information technology (IT) systems integration of these three entities had already taken place when we rated this transaction. The data for Caixa Sabadell were provided separately, as its IT integration was still in progress at the end of 2011.

Chart 9

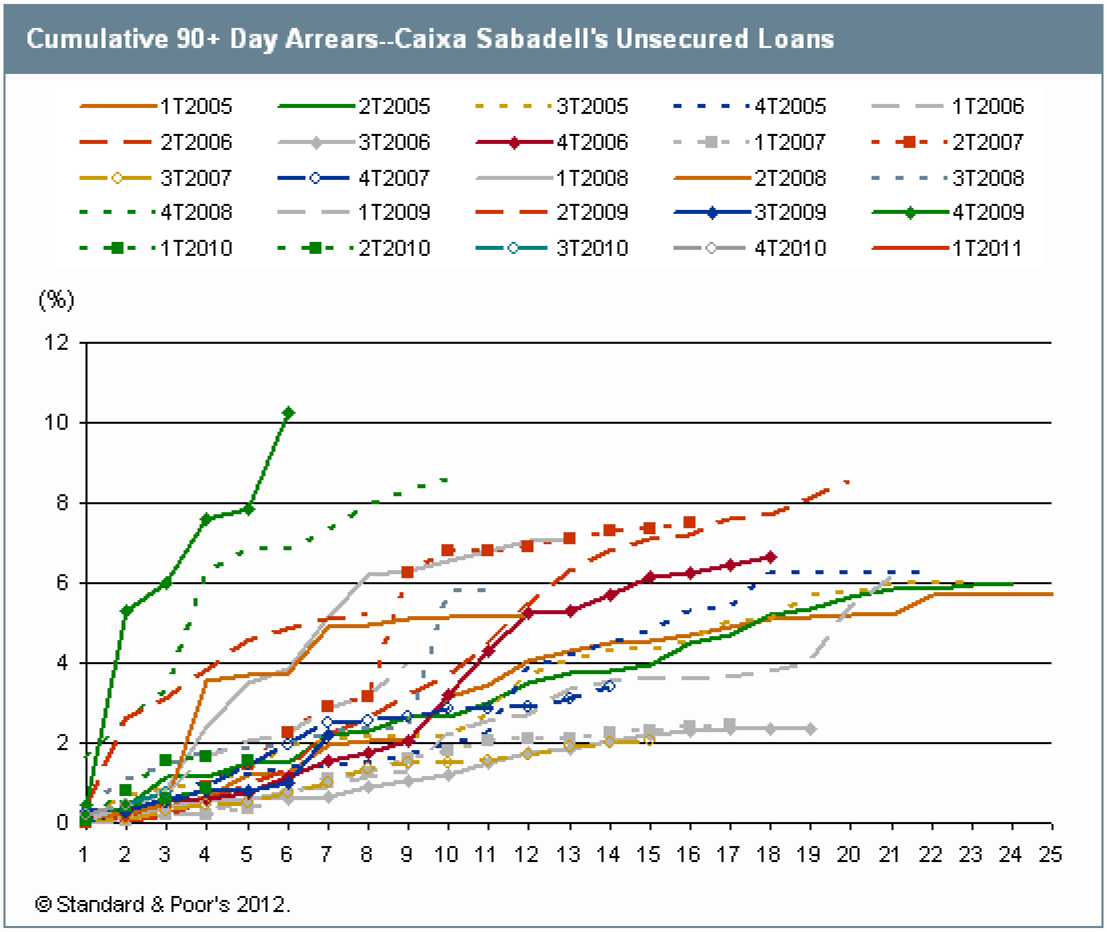
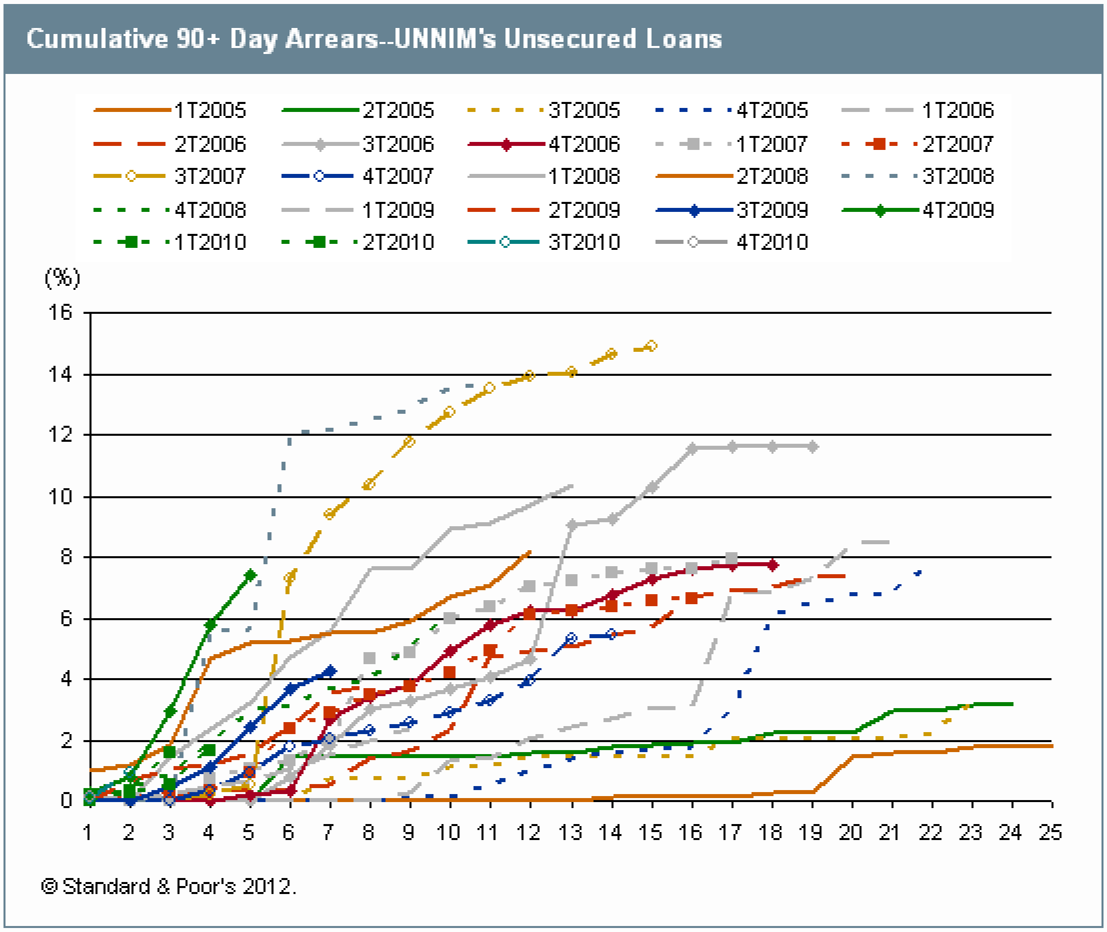

Cumulative 90+ Day Arrears--Caixa Sabadell's Unsecured Loans
1T2005
2T2005
3T2005
4T2005
1T2006
2T2006
3T2006
4T2006
1T2007
2T2007
3T2007
4T2007
1T2008
2T2008
3T2008
4T2008
1T2009
2T2009
3T2009
4T2009
1T2010
2T2010
3T2010
4T2010
1T2011
(%)
12
10
8
6
4
2
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
© Standard & Poor's 2012.

Chart 10


Cumulative 90+ Day Arrears--UNNIM's Unsecured Loans
1T2005
2T2005
3T2005
4T2005
1T2006
2T2006
3T2006
4T2006
1T2007
2T2007
3T2007
4T2007
1T2008
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4T2009
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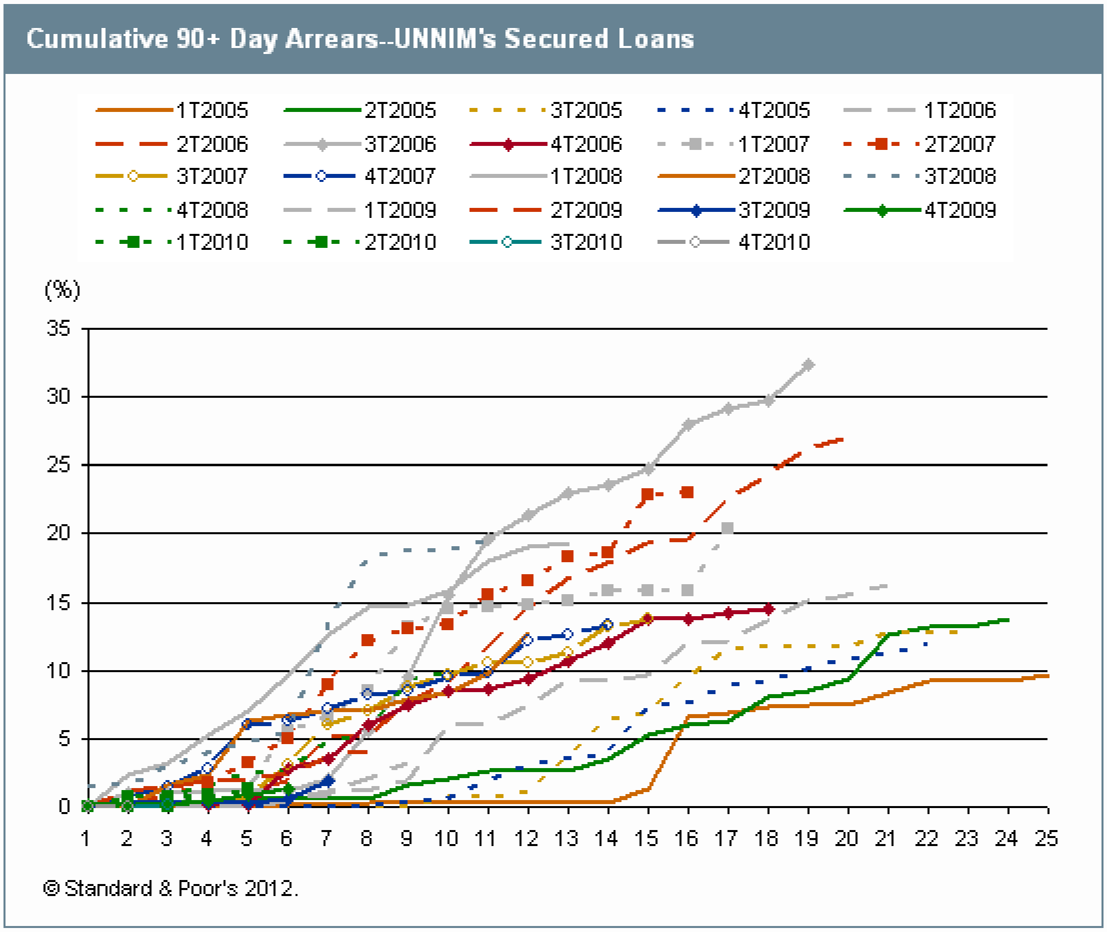
2T2010
3T2010
4T2010
(%)
16
14
12
10
8
6
4
2
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
© Standard & Poor's 2012.

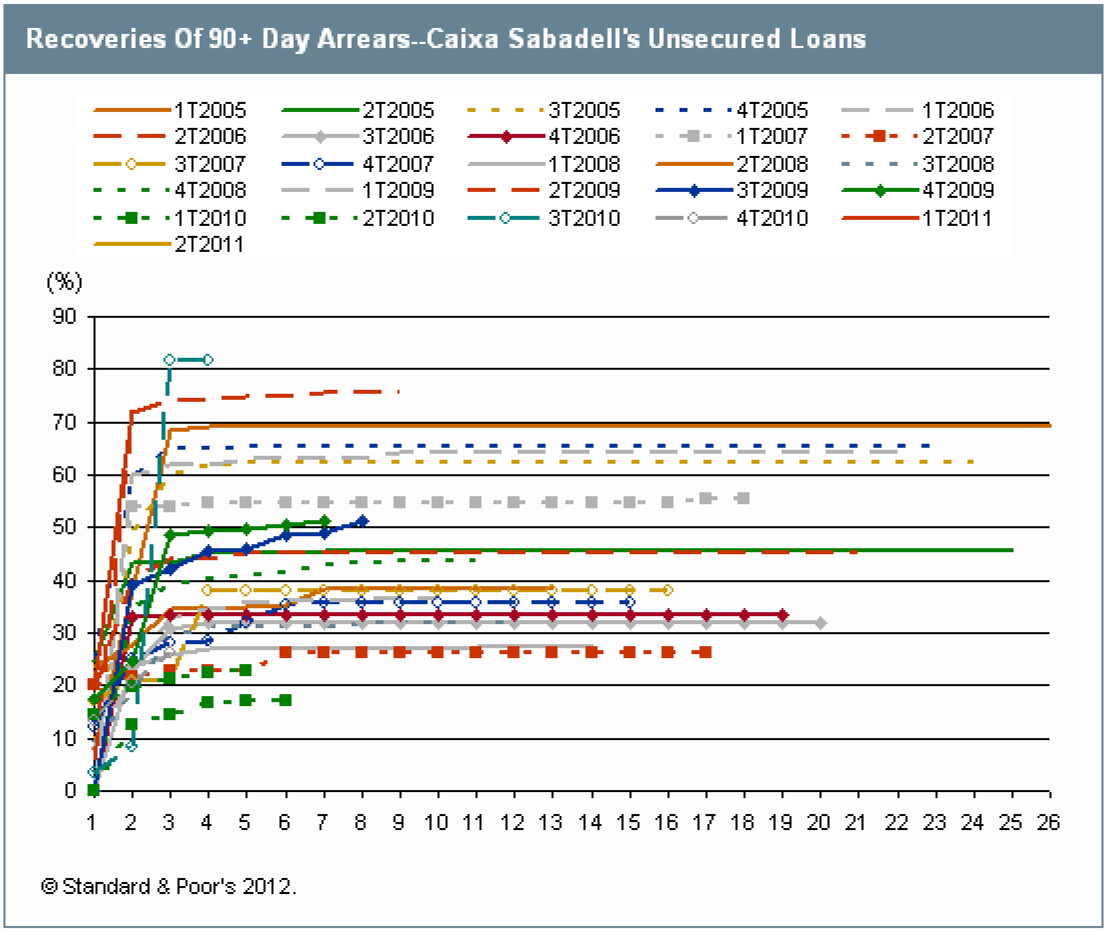
Chart 11



Recoveries

To obtain the base-case recovery rate, we estimated an average recovery rate based on the historical data that the originators provided from their SME and self-employed loan book for secured and unsecured loans. We then applied a haircut to obtain the loss severity for different rating scenarios.

Chart 12


Recoveries Of 90+ Day Arrears--Caixa Sabadell's Unsecured Loans
1T2005
2T2005
3T2005
4T2005
1T2006
2T2006
3T2006
4T2006
1T2007
2T2007
3T2007
4T2007
1T2008
2T2008
3T2008
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1T2009
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3T2009
4T2009
1T2010
2T2010
3T2010
4T2010
1T2011
2T2011
(%)
90
80
70
60
50
40
30
20
10
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26
© Standard & Poor's 2012.

Chart 13

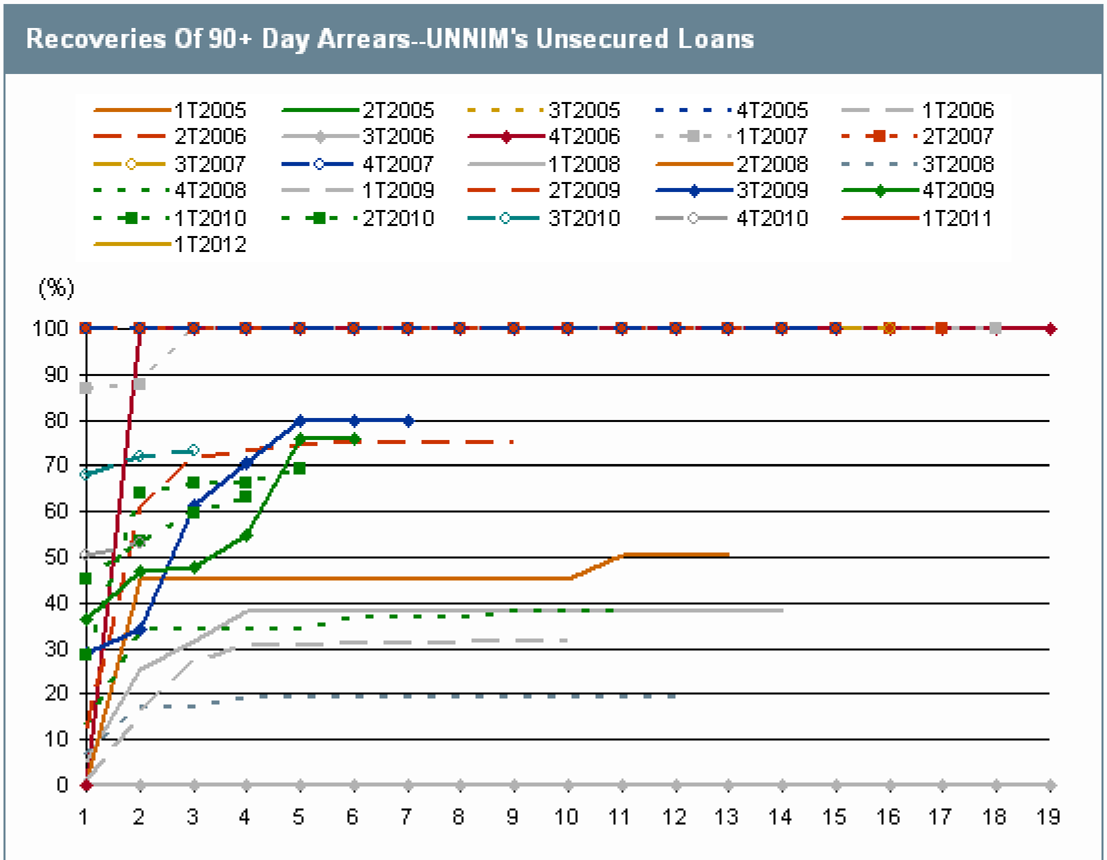
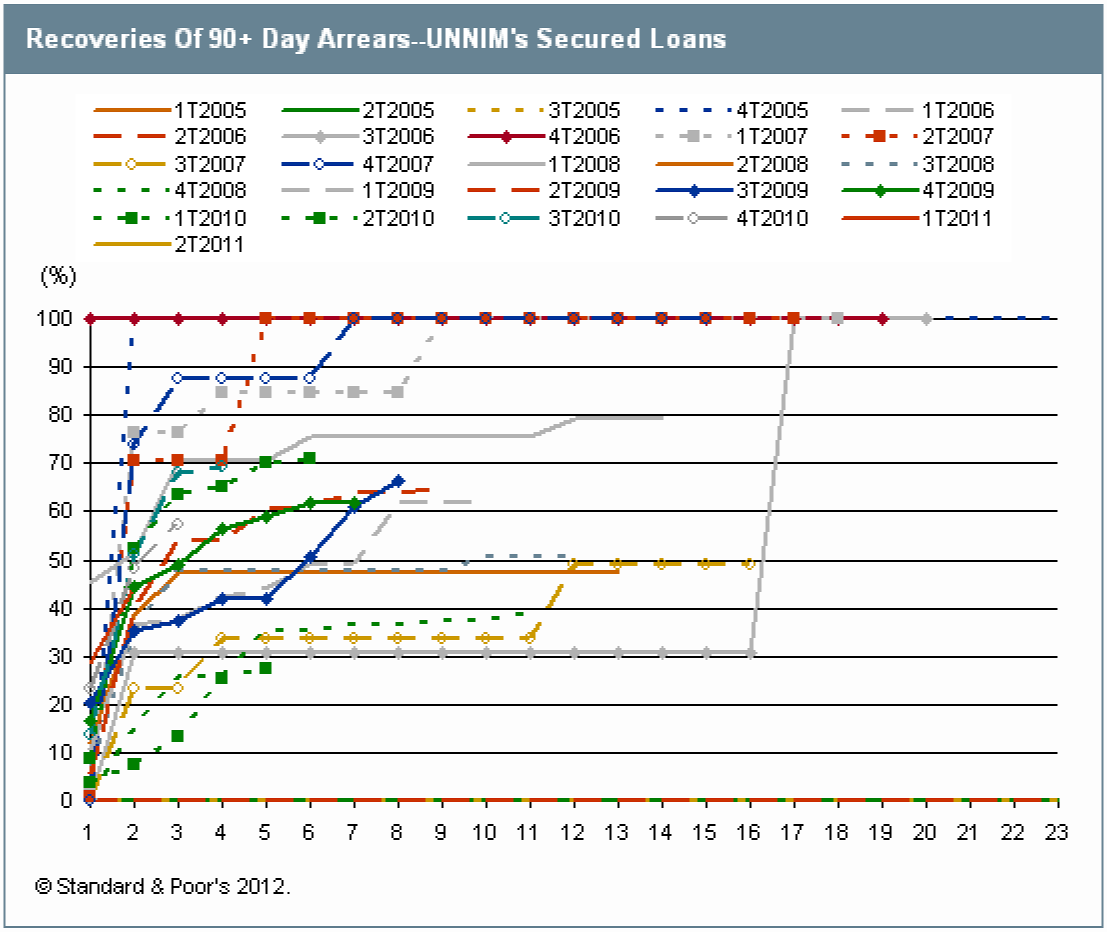

Recoveries Of 90+ Day Arrears--UNNIM's Unsecured Loans
1T2005
2T2005
3T2005
4T2005
1T2006
2T2006
3T2006
4T2006
1T2007
2T2007
3T2007
4T2007
1T2008
2T2008
3T2008
4T2008
1T2009
2T2009
3T2009
4T2009
1T2010
2T2010
3T2010
4T2010
1T2011
1T2012
(%)
100
90
80
70
60
50
40
30
20
10
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

Chart 14



Cash Flow Analysis

Prepayments

Prepayments correspond to the early exercise of the purchase option by the borrowers on their loans and credit receivables. We stressed the annual prepayment rate up to 24.0% and down to 0.5%.

Yield

We modeled the yield provided by the swap counterparty to the transaction.

Commingling

We did not stress commingling, because in this transaction there is a commingling fund equal to two months of collections, as per the servicer report.

Timing of defaults

We assume defaults occur periodically in amounts calculated as a percentage of the default rate. Tables 1 and 2 show the timing of defaults.

Table 1

Timing Of Defaults

Proportion of DR (equal)	Months when applied	% of DR (slow)	Months when applied	% of DR (fast)	Months when applied
1/3	1	5	7	30	1
1/3	13	5	13	30	7
1/3	25	10	19	20	13
--	--	20	25	10	19
--	--	30	31	5	25
--	--	30	37	5	31

DR--Default rate.

Table 2

Timing Of Defaults

% of DR (standard back)	Months when applied	% of DR (standard front)	Months when applied	% of DR (standard five years even)	Months when applied	% of DR (standard four years even)	Months when applied
15	1	40	7	20	7	25	7
30	7	20	13	20	13	25	13
30	13	20	19	20	19	25	19
15	19	10	25	20	25	25	25
10	25	10	31	20	31	--	--

DR--Default rate.

Timing of recoveries

For this transaction, we assume that the issuer would regain 50% of recoveries in month 21, and 50% 42 months after a payment default. The value of recoveries at the 'AAA' level is 100% minus the loss severity assumed at each rating level.

Interest and prepayments rate

We modeled three interest rate scenarios—up, down, and flat—using both high and low prepayment assumptions. Interest rates were 1.50% at the time of modeling, and we modeled them to rise by 2% a month—to a cap of 12% in the "up" scenario, and a floor of 0% in the "down" scenario.

Scenario Analysis

This scenario analysis section incorporates:

- A description of our methodology and scenario stresses;
- Results of the stresses' effects on our ratings; and
- Results of the stresses' effects on our cash flow analysis.

Methodology

When rating European asset-backed securities (ABS) transactions, we have developed a scenario analysis and sensitivity-testing model framework. This demonstrates the likely effects scenario stresses could have on our ratings in a transaction over a one-year outlook horizon. For this asset class, we consider scenario stresses over a one-year horizon to be appropriate, because the asset-backing notes have a relatively short weighted-average life. For these types of securities, many factors could cause us to lower our ratings on the notes or cause the notes to default. These factors include, but are not limited to, asset performance and structural features. However, for the purposes of this analysis we focused on the three fundamental collateral performance drivers, namely:

- Gross default rate;
- Recovery rate; and
- Prepayment rate.

Given current economic conditions, the proposed stress scenarios reflect negative events for each of these variables. Gross default rates could rise due to a number of factors, including increased unemployment, company insolvencies, house prices declines, and reduced credit availability. In addition, these effects would most likely cause collateral recovery rates to fall, because the structural imbalance between supply and demand leads to asset price reductions. In this environment, we also expect prepayment rates to fall because fewer refinancing options leave obligors unable to prepay finance agreements.

For this analysis, we have included two stress scenarios to demonstrate a bond's rating transition (see table 3).

Table 3

Scenario Stresses

Rating variable	Scenario 1	Scenario 2
Gross default rate (%)	Downgrade of one notch to 30% of the borrowers	Downgrade of one notch to 50% of the borrowers
Recovery rate (%)	Decrease by 30%	Decrease by 50%
Constant prepayment rate (%)	Decrease by 20%	Decrease by 33.3%

It is worth noting that our base-case assumptions for each transaction are intended to be best estimates of the asset portfolio's future performance. Our approach in determining these base cases would take account of historically observed performance and an expectation of potential changes in these variables over the life of the transaction. The sensitivity of rated bonds in each transaction differs depending on these factors and the transaction's structural features, which include its reliance on the excess spread, payment waterfalls, and credit enhancement levels at closing.

For each proposed scenario stress, we separate the applied methodology into three distinct stages. In the first stage, we stress our expected base-case assumptions over a one-year period to replicate deviations away from our expected performance over the stress horizon. We assume that the stresses that we apply occur at closing, and we apply gross losses based on our expectation of a cumulative default curve for the portfolio.

In the second stage, we apply our usual rating methodology, including revising our base-case assumptions at the one-year horizon to reflect the assumed deviations as a result of the stressed environment.

In the final stage of the analysis, we re-rate the transaction at the one-year horizon, after revising our base-case assumptions and applying our standard credit and cash flow stresses at each rating level. The output of the analysis shows the likely rating transition of the rated notes, given the applied stresses and the value and timing of any forecasted principal and interest shortfalls under the most stressful scenario.

Scenario stress and sensitivity analysis

When applying scenario stresses as described above, we intend the results of this modeling to simulate what could happen to the ratings on the notes for the given transaction. For the purposes of our analysis for this transaction, we applied the two scenarios described above in our cash flow modeling. The implied base-case stresses and scenario stress results are shown in tables 4 and 5.

Table 4

Scenario Stresses (Class A 'AAA (sf)' Rating)

Stress Horizon--One And Three Years For Scenarios 1 And 3, Respectively

Rating variable	Base case	Scenario 1	Scenario 2
Gross loss rate (%)	69.68	90.59	100.00
Loss severity (%)	85.76	90.03	92.88
Constant prepayment rate (%)	8	6.4	5.3

Table 5

Scenario Stress Analysis--Rating Transition Results

Scenario stress	Class	Initial rating	Scenario stress rating
Scenario 1	AG	AAA (sf)	AAA (sf)
Scenario 2	AG	AAA (sf)	AA (sf)
Scenario 1	AS	AAA (sf)	AA+ (sf)
Scenario 2	AS	AAA (sf)	AA (sf)

Results from the scenario analysis we performed for FTPYME UNNIM 1 are in line with our criteria (see "Credit Stability Criteria," published on May 3, 2010).

Table 6

Maximum Projected Deterioration Associated With Rating Levels For One-Year And Three-Year Horizons Under Moderate Stress Conditions

	AAA	AA	A	BBB	BB
One year	AA	A	BB	B	CCC
Three years	BBB	BB	B	CCC	D

Where interest or principal shortfalls occur under the most senior notes, the holders of these notes and/or the trustee can call an event of default. This could lead to multiple events, such as the senior fees of the transaction stepping up, the swap terminating (with the issuer needing to make termination payments), and the post-enforcement priority of payments being applied. All of these events have an effect on the transaction cash flows.

For the purposes of our analysis, we make a simplified assumption that the trustee does not call an event of default.

Surveillance

Key performance indicators for this transaction include:

- Rating migration of the collateral and default levels;
- Different collateral concentrations;
- Collateral prepayment levels;
- The evolution of our ratings on the supporting parties; and
- Increases in credit enhancement for the notes.

Standard & Poor's 17g-7 Disclosure Report

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at http://standardandpoorsdisclosure-17g7.com/1111358.pdf.

Related Criteria And Research

- Request For Comment: European SME CLO Methodology And Assumptions, Jan. 17, 2012
- Ratings Assigned In Spanish ABS Of SMEs Transaction GC FTPYME UNNIM 1, Dec. 29, 2011
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
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- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008
- A Listing Of S&P's New Actions Aimed At Strengthening The Ratings Process, Feb. 7, 2008
- Securitizing Spanish-Originated Loans to Small and Midsize Enterprises, April 11, 2003
- Standard & Poor's Rating Methodology for CLOs Backed by European Small- And Midsize-Enterprise Loans, Jan. 30, 2003

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