

Rating Report

Rating Date:
17 February 2011
Report Date:
10 February 2012



Insight beyond the rating.

DBRS Ratings Limited

FONCAIXA EMPRESAS 1, F.T.A.

Analysts

Simon Ross

Senior Vice President -
European Structured Credit
+44 20 7855 6622
sross@dbrs.com

Jerry van Koolbergen

Managing Director - U.S. &
European Structured Credit
+1 212 806 3260
jvankoolbergen@dbrs.com

Leila Manii

Financial Analyst - U.S. &
European Structured Credit
+1 212 806 3255
lmanii@dbrs.com

Ratings

Debt Rated	Amount (EUR)	Coupon (p.a.)	Ratings
Series A1	600,000,000	3 month Euribor + 0.40%	AAA (sf)
Series A2	600,000,000	3 month Euribor + 0.40%	AAA (sf)
Series A3	600,000,000	3 month Euribor + 0.40%	AAA (sf)
Series A4	2,969,477,465	3 month Euribor + 0.50%	AA (high) (sf)
Series B	285,000,000	3 month Euribor + 1.25%	NR
Series C	480,000,000	3 month Euribor + 1.75%	NR
Series D	630,000,000	3 month Euribor + 4.00%	NR

This report addresses the situation as of the Rating Date.

Transaction Parties and Relevant Dates

Issuer	Foncaixa Empresas 1, F.T.A.
Originator and Servicer Lead Manager Paying Agent Treasury Account Provider Swap Counterparty	<i>Name of counterparty at time of rating:</i> Caixa d'Estalvis i Pensions de Barcelona ("la Caixa") <i>Name of counterparty at time of report:</i> Caixabank S.A. ("Caixabank")
Placement Entity Management Company/S. Gestora	GestiCaixa, S.G.F.T., S.A. GestiCaixa, S.G.F.T., S.A.
Constitution Date	18 March 2009
First Payment Date	19 June 2009
DBRS Rating Date	17 February 2011
Payment Dates	Quarterly, the 19th day of March, June, September, December
Legal Final Maturity	1 July 2047

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Executive Summary

FONCAIXA EMPRESAS 1, F.T.A. is a bankruptcy remote vehicle incorporated in accordance with Spanish legislation as a Fondo de Titulización de Activos (the “Fund”) for the purpose of the issuance of asset-backed securities and the acquisition of the mortgage and non-mortgage loans granted to Spanish enterprises and to small and medium enterprises (“SME Loans”). The Fund has initially issued six series of asset-backed notes to finance the purchase of the SME Loans (at par). Interest income received by the Fund will be distributed quarterly on the Payment Dates according to the Priority of Payments established for payments of the Fund.

DBRS ratings of the FONCAIXA EMPRESAS 1, F.T.A. are listed on Page 1. This transaction has been structured as a public transaction with Class A Notes (consisting of the Series A1, Series A2, Series A3 and Series A4 Notes), Series B Notes, Series C Notes (in aggregate, the “Bonds”) and the Series D Notes. The Class A Notes are senior and supported by credit enhancement provided by (i) the balance of the performing portfolio, (ii) the Reserve Fund and (iii) the balance in the Amortisation Account. At the Constitution Date, the credit enhancement was EUR 1,395.00 million. At the time of the DBRS rating, the credit enhancement was EUR 1,428.19 million.

DBRS based the ratings 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 by the portfolio, the Reserve Fund and the Amortisation Account; and
- the legal and structural integrity of the transaction.

Collateral Summary*

Type	Primarily SME Loans
Principal (EUR)	4,355,657,000
Amortisation Account Balance (EUR)	1,229,000,000
Number of Loans	26,700
Loan Origination Dates	June 1990 – January 2009
Average Original Loan Size (EUR)	163,133
Average Borrower Size (EUR)	168,464

* as of February 2011.

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Rating Consideration

Strengths

- FONCAIXA EMPRESAS 1, F.T.A. assets are mortgage loans (and specific mortgage credit line) and non-mortgage loans, where all of the mortgage loans have a first ranking guarantee.
- The deal benefits from a Swap Agreement. Under the Interest Rate Swap Agreement, the Originator will pay the Issuer the weighted average coupon on the Liabilities plus 75bps per annum.
- The maximum exposure to an individual industry sector, as defined using the CNAE classifications, is 15%.
- The portfolio is well-diversified regionally.
- At the closing of the deal, the proceeds from the issuance of the Class D Notes were used to fund the EUR 630,000,000 Reserve Fund, of which the balance corresponded to 10.5% of the initial balance of the Bonds. The Reserve Fund is now EUR 626,252,632, which is equivalent to 13.13% of the current balance of the Bonds.

Challenges

- Currently the outstanding balance of the assets in arrears is EUR 7,505,222.
- Approximately 22% of the portfolio is exposed to the construction and real estate sectors.
- The difficult economic conditions in Spain.
- The proposed conversion of la Caixa to Caixabank, a bank and the uncertainties this will bring until the final details are known.
- The Priority of Payments allows for the amortisation of more junior Notes prior to that of the most senior Notes.

Reserve Fund

The Reserve Fund Account was funded through the issuance of the Series D Notes, totaling EUR 630 million or 10.50% of the Bonds' initial balance. The Reserve Fund will act as a guarantee mechanism in the event of losses due to defaulted or unpaid credit rights.

- The Minimum Level of the Reserve Fund is the smaller of the following:
 - EUR 630 million.
 - 21.0% of the outstanding aggregate balance of the Bonds.
- The Minimum Level of the Reserve Fund will not decrease:
 - during the first three years of the transaction;
 - if, on the previous Payment Date, the Reserve Fund balance was not equal to the required Minimum Level;
 - if the outstanding balance of the non-failed assets in arrears (until 90 days) is higher 1% than outstanding balance of the non-failed assets.
- The Minimum Level of the Reserve Fund will not decrease in any case below EUR 315 million throughout the life of the Fund.

Priority of Payments

Summary from the Prospectus:

The Available Funds shall be allocated on each Payment Date as follows:

1. Payment of taxes, payments to Gesticaixa, the Financial Agent (Treasury Account Issuer), ordinary and extraordinary expenses.
2. Payment to the Swap Counterparty in the event of agreement termination by Event of Default.
3. Pro rata payment of the interest accrued on the Class A Notes.
4. Payment of the interest accrued on the Series B Notes.
 - If (i) the Assets failed aggregate Outstanding Balance is greater than 19.5% of the initial Outstanding Balance of the Assets and (ii) the Class A Notes have not been amortised, then the payment of the interest on the Series B Notes will be deferred to the seventh position.
5. Payment of the interest accrued on the Series C Notes.
 - If (i) the Assets failed aggregate Outstanding Balance is greater than 15% of the initial Outstanding Balance of the Assets and (ii) the Class A Notes have not been

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amortised, then the payment of the interest on the Series B Notes will be deferred to the eighth position.

6. Withholding of the required amount to the principal payment.
7. Payment of the Series B Note interest if deferred.
8. Payment of the Series C Note interest if deferred.
9. Withholding of the required amount to maintain the Minimum Level of the Reserve Fund.
10. Payment of the interest accrued on the Series D Notes for the Reserve Fund.
11. Payment of principal of the Series D Notes for the Reserve Fund.
12. Payment of the required amount to terminate the Swap Agreement, if necessary.
13. Payment on the interest and principal of the Subordinated Loan for set-up expenses.
14. Payment of the Servicer's commission.
15. Payment of the Financial Intermediation Margin.

Liquidation Order of Priority of Payment:

1. Withholding of the amount to pay the final and liquidation expenses
2. Payment of taxes, payments due to Gesticaixa, the Financial Agent and ordinary and extraordinary expenses.
3. Payment to the Swap Counterparty in the event of agreement termination by Event of Default
4. Pro rata payment of the interest accrued on the Class A Notes.
5. Pro rata payment of principal of the Class A Notes.
6. Payment on the interest and principal of the Series B Notes.
7. Payment on the interest and principal of the Series C Notes.
8. Payment on the interest and principal of the Series D Notes.
9. Payment on the required amount to terminate the Swap Agreement.
10. Payment on the interest and principal of the Subordinated Loan for set up expenses.
11. Payment of the Servicer's commission.
12. Payment of the Financial Intermediation Margin.

Early Liquidation Events:

- When the Outstanding Balance of the Assets is less than 10% of the initial Asset Balance.
- If there are circumstances that adversely affect the finance balance of the Fund.
- If the Management Company is bankrupt and if there is no substitute.
- When there is a non-payment indicating a serious and permanent imbalance that affects the transaction.
- The first payment date that is 36 months after the last asset maturity date (six months before the Final Legal Maturity Date of the Fund).

Detailed Collateral Analysis

Portfolio Distribution - Fixed Coupon versus Floating

	Number of Loans	Portfolio Notional (EUR)	Percentage of Portfolio Notional
Floating	22,061	4,205,190,980	96.5%
Fixed	4,639	150,466,121	3.5%
Totals	26,700	4,355,657,101	100.0%

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Portfolio Distribution – Borrower Location by Region

Name	Number of Loans	Portfolio Notional (EUR)	Percentage of Portfolio Notional
Madrid	7,077	1,079,769,800	24.79%
Catalonia	2,411	819,177,590	18.81%
Andalusia	5,250	649,269,765	14.91%
Canary Islands	1,491	303,293,547	6.96%
Balearic Islands	1,405	299,720,722	6.88%
Valencian Community	1,859	259,723,431	5.96%
Basque Country	984	212,933,818	4.89%
Galicia	1,402	160,024,268	3.67%
Castilla La Mancha	1,204	130,897,000	3.01%
Castilla Leon	913	128,257,823	2.94%
<i>All Other Regions</i>	<i>2,704</i>	<i>312,589,335</i>	<i>7.18%</i>
Totals	26,700	4,355,657,101	100.00%

Portfolio Distribution – Borrower Industry Sector Classification

Sector of Borrower Based on CNAE Classifications	Number of Loans	Portfolio Notional (EUR)	Percentage of Portfolio Notional
Automotive Sales & Repair	5,537	664,717,712	15.26%
Communications & IT	2,696	618,127,081	14.19%
Hotels & Food Service	2,452	578,242,379	13.28%
Real Estate	2,319	516,608,795	11.86%
Construction	3,923	467,332,520	10.73%
Manufacturing	2,710	423,342,241	9.72%
Agriculture	1,321	252,160,086	5.79%
Professional, Scientific & Technical Services	1,758	215,604,090	4.95%
Goods Transportation	934	122,945,918	2.82%
Health & Social Work	678	103,706,172	2.38%
Utilities	300	90,831,837	2.09%
Arts & Entertainment	380	57,264,252	1.31%
Administration & Support	462	50,507,278	1.16%
Education	401	49,395,691	1.13%
Other Services	512	49,054,287	1.13%
<i>All Remaining Industries</i>	<i>317</i>	<i>95,816,762</i>	<i>2.20%</i>
Totals	26,700	4,355,657,101	100.00%

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Portfolio Borrowers – Fifteen Largest Borrowers with Location and Industry

Borrower Ranking	Loan Balance (EUR)	Location	CNAE Classifications
1	54,643,008	Catalonia	Communications & IT
2	40,000,000	Madrid	Communications & IT
3	39,983,009	Catalonia	Communications & IT
		Balearic Islands	
4	34,758,136	Islands	Hotels & Food Service
5	31,156,662	Galicia	Agriculture
6	21,337,181	Catalonia	Communications & IT
7	17,406,235	Canary Islands	Hotels & Food Service
		Basque Country	
8	17,096,448	Country	Hotels & Food Service
9	16,872,317	Catalonia	Hotels & Food Service
10	16,000,000	Canary Islands	Automotive Sales & Repair
11	15,854,060	Catalonia	Hotels & Food Service
12	15,251,333	Canary Islands	Communications & IT
13	14,661,009	Andalusia	Manufacturing
14	13,212,604	Canary Islands	Hotels & Food Service
15	12,987,049	Madrid	Automotive Sales & Repair
Total	361,219,051		

Originator and Servicer

Caixa D'Estalvis i Pensions de Barcelona (“la Caixa” or the “Company”) was the largest Caja de Ahorros and one of the most important financial institutions in Spain with market share on products and services around 10%. As of the third quarter of 2010, the Company reported:

- total assets of EUR 274,966 million;
- 10.5 million in retail customers; and
- over 28,000 employees.

la Caixa’s year to date income, however, has declined over the similar period one year earlier, mostly due to the 18% decline in net interest income. As of the third quarter of 2010, the non performing loans (NPLs) of la Caixa went up to 3.53%, compared to the 3.42% at of the beginning of 2009; however NPLs are below the 5.62% sector average.



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DBRS Analysis

Based on the analyzed portfolio and its characteristics, as well as the Originator's historic default performance, DBRS used its Large Pool Default Model to project a default rate at the AAA (sf) stress level for the Series A1, Series A2 and Series A3 Notes, and a AA (high) (sf) stress level for the Series A4 Notes. A break even default rate on the rated Notes was determined by using the DBRS CDO Cash Flow Model. The minimum break even default rate is determined over nine combinations of default timing and interest rate stresses.

Assumptions for Series A1, Series A2 and Series A3 Notes

Assumed 1 Year Default Rate	1.70%
Weighted Average Life (years)	7.0
Lifetime Default Rate	51.8%
Recovery Rate	27.9%
Recovery Delay (years)	1

	Series A1	Series A2	Series A3
Minimum Break Even Rate	100.0%	100.0%	100.0%

Assumptions for Series A4 Notes

Assumed 1 Year Default Rate	1.70%
Weighted Average Life (years)	7.0
Lifetime Default Rate	46.7%
Recovery Rate Used	30.4%
Recovery Delay (years)	1

	Series A4
Minimum Break Even Rate	53.3%

The results of the break even default rate analysis show that the Series A1, Series A2 and Series A3 Notes can withstand a higher default level than the level required for a AAA (sf) rating. Therefore, DBRS was able to assign AAA (sf) ratings to the Series A1, Series A2 and Series A3 Notes.

The results of the break even default rate analysis show that the Series A4 Notes can withstand a higher default level than the level required for a AA (high) (sf) rating. Therefore, DBRS was able to assign a AA (high) (sf) rating to the Series A4 Notes.

Rating Sensitivities and Monitoring

The ratings of the Series A1, Series A2, Series A3 and Series A4 Notes depend on the portfolio performance and counterparties' ratings. The main triggers that DBRS will rely on for monitoring are:

- the maintenance of the Reserve Fund at the required level;
- the net cumulative default level; and
- any event of default by the Issuer.

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



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Note:
All figures are in Euros unless otherwise noted.

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