Rating Report

Report Date:
August 8, 2011

Insight beyond the rating.

Foncaixa Leasings 1, FTA

Analysts

Gareth Levington
+44 20 3137 9510
glevington@dbrs.com

Lain Gutierrez
+44 20 3137 9359
lgutierrez@dbrs.com

Claire J. Mezzanotte
+44 20 3137 9520
cmezzanotte@dbrs.com

Ratings

Debt Series	Original Balance	Coupon*	Rating	Rating Action
Series A1	€470,000,000	3-m E + 0.80%	AAA (sf)	New rating
Series A2	€737,500,000	3-m E + 1.00%	AAA (sf)	New rating
Series B	€106,200,000	3-m E + 1.25%	A (sf)	New rating
Series C	€106,300,000	3-m E + 1.75%	BBB (sf)	New rating

* 3-m E = 3-month Euribor
The ratings address timely payment of interest and repayment of principal in accordance with their terms.

Transaction Parties and Relevant Dates

Issuer:	Foncaixa Leasings 1, Fondo de Titulizacion de Activos
Seller & Servicer:	Caja de Ahorros y Pensiones de Barcelona (“La Caixa”)
Management Company	GestiCaixa, SGFT, SA
Paying Agent & Account Bank:	La Caixa
Swap Counterparty:	La Caixa
Closing Date:	10 June 2011
Legal Final Maturity Date:	20 June 2033
Payment Dates:	20 March, June, September & December

Table of Contents

Company Name:
Foncaixa Leasings 1, FTA

Report Date:
August 8, 2011

Rating Rationale

Foncaixa Leasings 1, Fondo de Titulizacion de Activos ("FC Leasings 1") is a €1,420 million securitisation of Spanish finance lease receivables originated by La Caixa, the largest savings bank and third banking group in Spain.

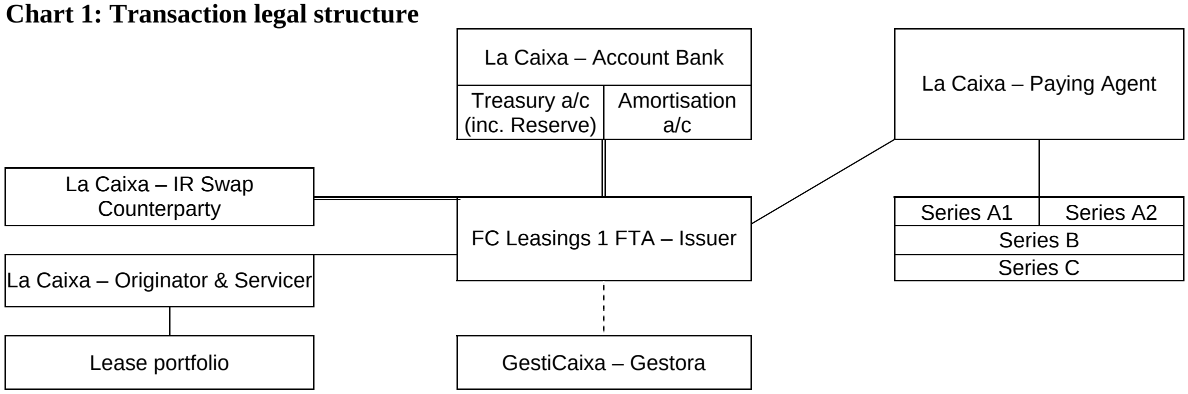
The ratings are based upon a review by DBRS of the following analytical considerations:

- The transaction structure and form and sufficiency of available credit enhancement. Credit enhancement is in the form of subordination, excess spread and a reserve fund. Credit enhancement levels are sufficient to support the ratings.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms on which they have invested.
- The transaction parties' capabilities with regards to originations, underwriting and servicing and their financial strength.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the issuer and the consistency with the DBRS Legal Criteria for European Structured Finance Transactions.

Transaction Structure

The transaction structure is based on Spanish securitisation law. The issuer is managed by GestiCaixa SGFT, SA, a *gestora* (securitisation fund-management company) that belongs to the La Caixa group.

Chart 1: Transaction legal structure



FC Leasings 1 issued four classes of notes, with the proceeds being used to fund the acquisition of the initial portfolio of credit rights. The transaction is static and the issuer's liabilities will amortise in line with the asset pool. La Caixa extended a €211.5 million subordinated loan to FC Leasings 1 to fund the reserve. A further subordinated loan was extended by La Caixa to cover the issuer's initial expenses.

While the pool is static and will thus amortise from closing date, amounts allocable to each Series of notes will be retained in an amortisation account for the first 18 months such that no amortisation will occur until December 2012. The Series A1 notes will pay down before the Series A2 notes subject to the balance of performing assets exceeding the balance of the Series A1 and A2 notes, after deduction of any amounts standing to the credit of the amortisation account. The Series B and C notes will amortise alongside the Series A1 and A2 notes in such a way as to leave the Series B and C notes representing a percentage of outstanding notes equal to twice their initial percentage (i.e. 14.96% and 14.97% respectively). The Series B and C notes will cease to amortise alongside the series A1 and A2 notes (and the structure will become sequential as between Series A1 and A2 on the one hand and Series B and Series C on the other) if (a) the Series A1 and A2 notes are to be amortised pro rata, (b) the reserve fund would not be fully funded on a given payment date after amortisation of the Series B and C notes, (c) the balance of non-defaulted assets is less than 10% of the initial pool balance or (d) the balance of delinquent assets as a percentage of non-defaulted assets exceeds

1.25% and 1% as regards the Series B and C notes respectively. Defaulted assets are those that have instalments 12 months past due or are otherwise deemed defaulted by the servicer. Delinquent assets are non-defaulted assets that have instalments 90 days past due. Performing assets have all payments less than 90 days past due.

La Caixa acts as servicer and collection agent to FC Leasings 1. While La Caixa remains the servicer, the servicing fee payment is subordinated to all bond and reserve fund payments. If La Caixa were replaced, the servicing fee would be paid along with other fees of FC Leasings 1 and the swap, described below, provides that FC Leasings 1 would receive an additional amount equal to the servicing fee.

The treasury account and amortisation account provide a guaranteed return equal to the Euribor rate fixed for the bonds for the same period. An interest rate swap takes all interest receipts from the assets and amortisation account and returns a payment equal to (a) the average interest rate in that payment period on the bonds plus 0.75% multiplied by (b) a balance equal to the average daily principal balance, over the payment period, of all assets which are performing or delinquent by no more than three months plus the balance in the amortisation account. In other words, the swap acts as a balance-guaranteed interest rate and basis swap as well as augmenting the interest received on the amortisation account, and to inject an additional 0.75% excess spread. As mentioned above, on top of this, the swap counterparty would pay the issuer any fee charged by a replacement servicer.

La Caixa holds FC Leasings 1's general account, the treasury account, and the reserve fund is a ledger in this account. The reserve fund had an initial balance of €211.5 million and its target is scheduled to reduce along with the note balance to the greater of (a) 29.8% of the balance of all notes and (b) €105,750,000. The target balance will not be reduced during the first two years of the deal and will only be reduced on any given payment date if delinquent assets are less than 1% of all remaining non-defaulted assets and the reserve fund had been funded to its target balance on the previous payment date.

Monies contained in the treasury account are applied on the quarterly payment dates per the terms of the priority of payments described below.

1. Fees & Taxes (including any replacement servicer's fee)
2. Swap payments, including termination payments unless the termination is due to the counterparty
3. Interest on Series A1 and A2 pro rata
4. Interest on Series B, unless the cumulative balance of defaulted assets exceeds 12% of the initial balance of all debt Series and Series A1 or A2 bonds are still outstanding
5. Interest on Series C, unless the cumulative balance of defaulted assets exceeds 8% of the initial balance of all debt Series and Series A1, A2 or B bonds are still outstanding
6. Redemption of Series A1, A2, B and C (or retention of the same amounts in the amortisation account) by an amount equal to the sum of the prior balances of the series minus the remaining balance of non-defaulted loans
7. Interest on Series B, if not paid in 4
8. Interest on Series C, if not paid in 5
9. To the reserve fund up to the target balance
10. Interest then principal to the subordinated loan funding the reserve fund
11. Any swap termination payments not covered in 2
12. To La Caixa, including the servicing fee while due, and paying agency fee

In the event the issuer is to be liquidated, items 3 to 9 would be replaced with (a) the payment of all interest and principal due to Series A1 and A2 (pro rata) then (b) the payment of all interest and principal due to Series B then (c) the payment of all interest and principal due to Series C.

Credit Enhancement

Credit enhancement available to the notes includes (a) the reserve fund, initially in an amount of €211.5 million, (b) the excess spread of 0.75% per annum and (c) the over-collateralisation of the notes due to the subordination of more junior Series to more senior Series.

Assets

The assets securitised are the instalment receivables under finance leases extended to small and medium enterprises (SME) and originated through La Caixa's branch network, both the retail network (for smaller SME) and the corporate branch network (for larger SME). The leases finance real estate, equipment assets and vehicles.

The credit approval process is driven by financial statements and tax statements of the prospective lessee gathered by the originating branch, as well as central registry credit information (such as the RAI – the register of corporate debt overdue). Depending on the amount of the exposure under the lease, the approval authority either rests with the branch or requires joint approval from the independent risk function as well as the origination hierarchy.

All lease payments in the provisional pool are paid by direct debit such that the servicing of performing leases is an automated process. Late payments and delinquencies are first handled by the branch network before being passed to head office if the delinquency isn't cleared within 20 days. After 55 days, collection is outsourced to GDS Cusa, a colleaction agency within the La Caixa group. After 110 days, legal action is undertaken to enforce the receivables. In the context of the FC Leasings 1 transaction, the servicing agreement imposes constraints on the servicer regarding renegotiations. The servicer can vary the interest rate provided the new interest rate is a market rate, referencing a rate that the servicer uses for its own lease offerings and doesn't cause the pool weighted average interest rate to fall below 3-month Euribor plus 0.50%. The servicer can also extend the term of a loan provided the maturity date remains before November 2029, and no more than 10% in aggregate of the initial portfolio balance may be extended. Any extension can not modify the residual value.

Characteristics

The securitised pool is composed of the instalment receivables under 34,988 leases extended to 24,874 lessees (after aggregating related lessees) with a total balance of €1,419,999,991. The largest lessee exposure is €49.7 million or 3.5% of the pool. The top 10 lessees make up 14.2% of the pool and the top 100 make up 34.3%. The leases were extended to finance real estate (54% by balance), industrial equipment and vehicles (22%) and road-going vehicles (20%), the remainder financing medical or office equipment. The real estate leases are the higher balance exposures, with an average balance per lease of €464 thousand versus €33 thousand for industrial equipment and €13 thousand for road-going vehicles. Almost all leases extended to the top 10 lessees finance real estate assets.

Approximately 16% of leases by balance are fixed rate and 84% floating, primarily referencing 1-, 6- or 12-month Euribor. The average interest rate across the pool is 3.2% and the subset of fixed rate leases has an average interest rate of 5.25%. 93% of the leases pay monthly, 6% quarterly, 1% semi-annually and 0.5% annually.

The average origination date is in January 2008 (or 3.5 years seasoning), with approximately 20% of the pool originated in each of 2008, 2009 and 2010, a further 15% originated in 2007, the remainder being older originations save one lease originated in January 2011. The real estate-related leases exhibit more seasoning, with an average origination date in April 2007 whereas the non-real estate leases have an average origination date in January 2009. The average maturity date of the pool is in September 2018 (7.1 years), 11.6% of the pool matures in 2026 or later and the latest maturity date is in 2029. In the same way that the real estate leases have larger balances, they also have longer terms due to the longer useful life of the asset. As such, all leases maturing after 2023 finance real estate assets.

Company Name:
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Counterparty Risk Analysis

Originator and Servicer

The transaction is exposed to the credit risk of La Caixa as servicer and collection agent. The servicer pays collections into FC Leasings 1's treasury account on the day of receipt. On the other hand, given the silent nature of the transfer, the lessees may continue to discharge their obligations by paying monies to the servicer until such time as they have been notified of the transfer and given new payment instructions. Should the servicer become insolvent, it would fall to GestiCaixa as fund manager to ensure that the debtors were notified of the transfer of their debt to FC Leasings 1. In light of the operational burden of issuing notices to thousands of lessees, it is very likely that a certain amount of collections would continue to be received by the insolvent servicer. Given the fungible nature of cash, it is not clear that the issuer would be able to obtain those monies from the estate of the insolvent servicer and it appears very unlikely the monies would be available to the issuer in a timely fashion.

In case of insolvency of the originator, lessees would have the same rights of set-off against the issuer as arose against the originator. Conditions to set-off in Spain require the mutual debts to be due and payable prior to the insolvency event. As a result, only overdue instalments could be set-off against claims against the originator (and only to the extent those claims had become due and payable prior to the insolvency). As such set-off risk should not be a material component of the risk to the notes.

In such an insolvency scenario, GestiCaixa as fund manager would be required by the transaction documents to replace the servicer. It appears more likely than not that La Caixa would maintain a servicing operation notwithstanding an insolvency or administration, which would help in achieving a smooth transfer of responsibilities, but one can not exclude the possibility that there would be an interruption of the servicing process while servicing is taken over by a substitute servicer. The first task of a servicer after an insolvency of the originator would likely be to ensure all lessees do indeed redirect their payments in accordance with the new payment instructions. As such, there is a risk that a servicing disruption could conspire with a shortfall due to commingling and leave the issuer without sufficient funds to meet its obligations on a timely basis.

Finally, in an insolvency scenario any recoveries arising from the realisation of the leased asset may not reach the issuer, due to the fungible nature of the cash that the originator would receive upon such asset disposal. This would significantly reduce the recovery level the issuer could expect to receive on defaulted leases.

In light of the strong credit quality of La Caixa, the credit risk of the originator and servicer was not material to the determination of the rating on the bonds. Nevertheless, the potential consequences for the issuer of insolvency of La Caixa are such that a material reduction in La Caixa's credit quality could cause a downgrade of the ratings of the FC Leasings 1 bonds.

Swap Counterparty

The transaction is exposed to La Caixa as swap counterparty. The agreement provides that the swap counterparty must collateralise and/or replace itself or procure a suitably rated guarantor upon certain downgrade triggers. The provisions comply with DBRS criteria as described in Legal Criteria for European Structured Finance Transactions. As such, no incremental credit risk was considered to arise from the exposure to the swap counterparty.

Account Bank

The account bank agreement contains provisions requiring GestiCaixa, the fund manager, to replace La Caixa as account bank upon its rating falling below R-1 (low) or BBB (high). The provisions comply with DBRS criteria as described in Legal Criteria for European Structured Finance Transactions. As such, no incremental credit risk was considered to arise from the exposure to the account bank.

Company Name:
Foncaixa Leasings 1, FTA

Report Date:
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Asset Risk Analysis

Default Rate

DBRS analysed the historical default (3-months past due) performance of origination vintages from the first quarter of 2006 to the fourth quarter of 2010, as provided by the originator. The performance data was presented separately for leases related to real estate assets and non-real estate assets. Because of the sparse nature of defaults and the term of real estate leases exceeding the available performance history, the originator provided historical default performance for loans secured over real estate extended to SME borrowers for vintages starting in the first quarter of 2005 (the same was made available for loans financing non-real estate assets but these data did not play a significant part in the analysis).

Chart 2 graphs the proportion of 3-months past due non-real estate leases for quarterly vintages measured by balance. The x-axis represents time in quarters.

Chart 2: Vintage historical default performance – non-real estate leases

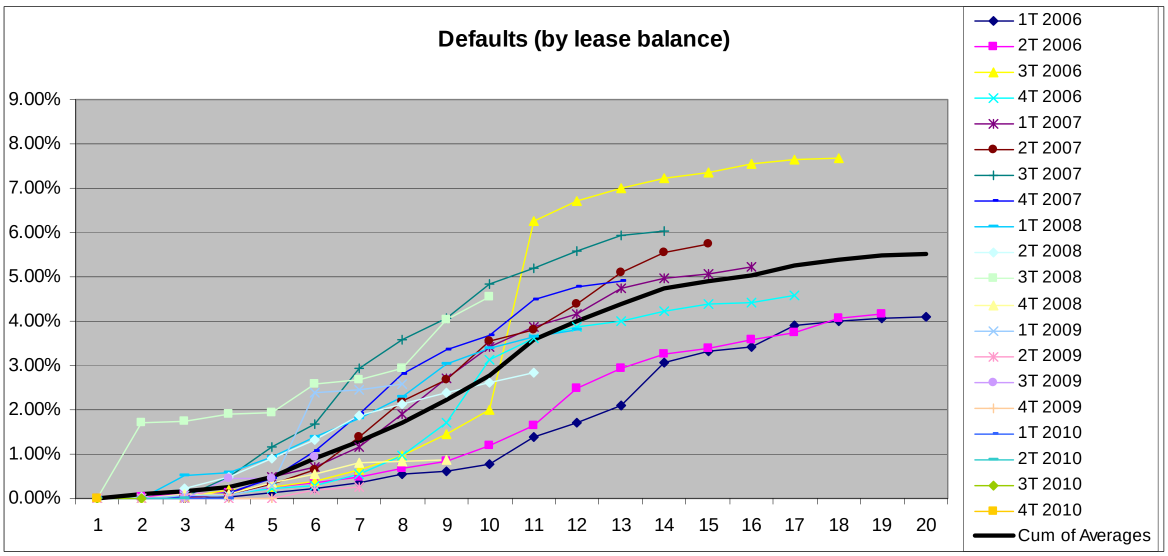
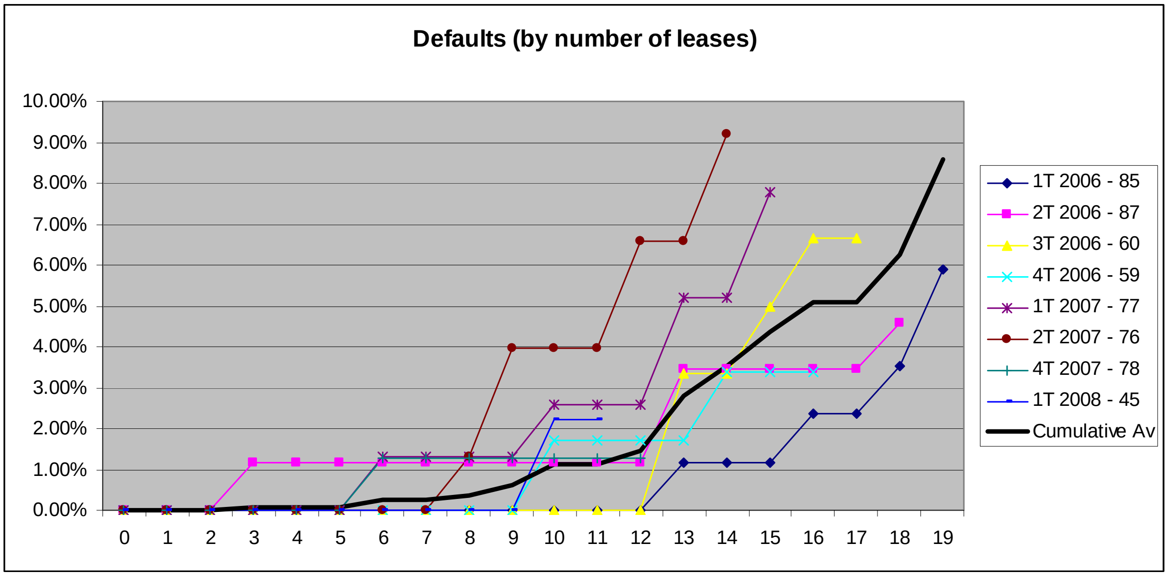


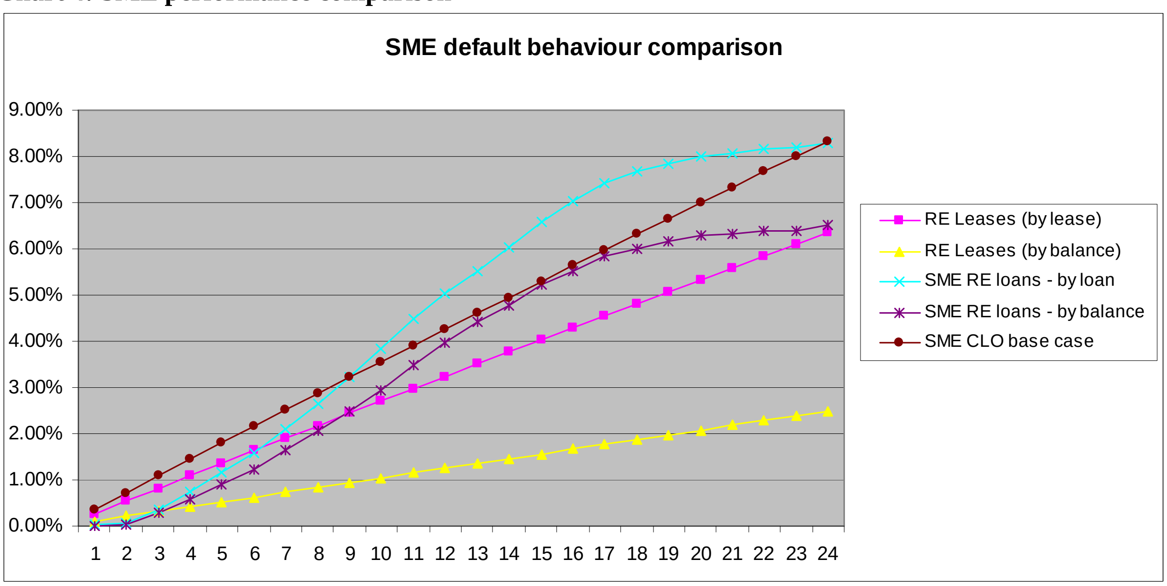
Chart 3 graphs the percentage of defaulted real estate leases by quarterly vintage measured by number. Only those vintages exhibiting defaults are included in the graph. The x-axis represents time in quarters.

Chart 3: Vintage historical default performance – real estate leases



In light of the limited number of defaults and relatively short performance history relative to the term of real estate leases, DBRS used a flat hazard rate rather than the usual process of fitting a default shape. Furthermore, DBRS considered the historical performance of real estate-secured SME loans as provided by the originator, as well as the conclusions of DBRS analysis in the context of SME loans securitisations recently rated by DBRS (Foncaixa Empresas 1, 2 and 3 FTA). Chart 4 graphs (a) the computed default curves based on the observed hazard rate of real estate leases both by number of defaulted leases and by balance of defaulted leases, (b) the extrapolated default curves based on the real estate-secured loan performance, again by balance and by number and (c) the default curve computed using the DBRS hazard rate determined in the context of the analysis of the FC Empresas transactions. The x-axis represents time in quarters.

Chart 4: SME performance comparison

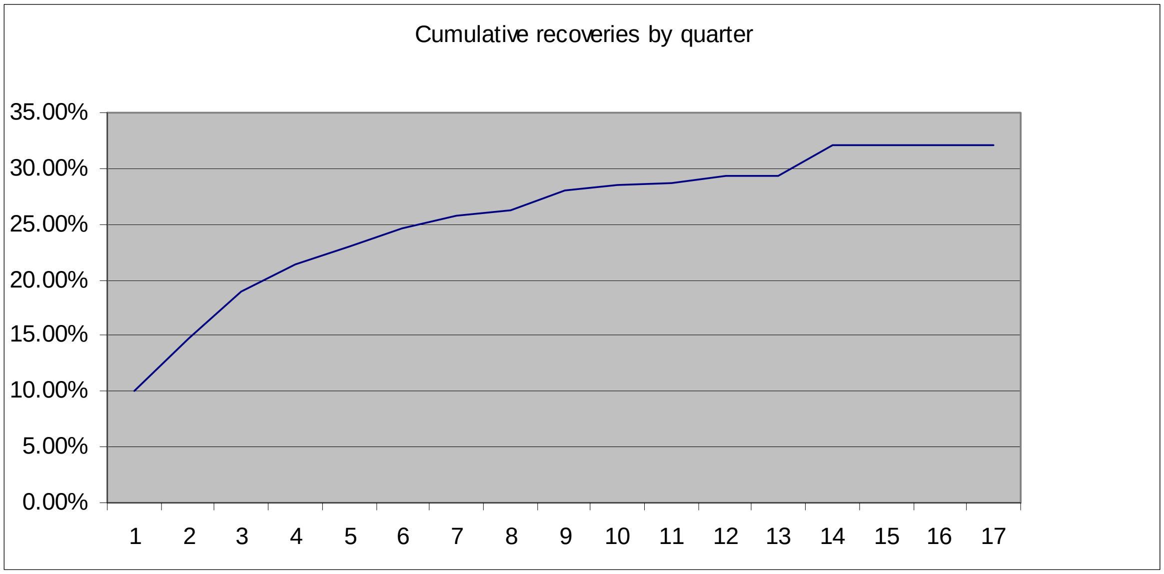


DBRS base case default rates were 4.7% for non-real estate leases and 11.1% for real estate leases. These values reflect the seasoning and different maturity profile of the two sub-pools.

Recovery Rate

DBRS analysed the historical recovery experience is determining a base case recovery level. For non-real estate assets, the graph below shows the average cumulative recovery at different time horizons. In light of variability in recovery levels, DBRS used a base case recovery of 15%.

Chart 5: Non-real estate recoveries



Regarding the real estate leases, while reviewing the limited historical data, DBRS reached its assumptions by considering the valuation of the asset financed by the lease relative to the lease balance. The base case recovery rate used was 45%, corresponding approximately to an assumption of 25% of the recorded valuation of real estate assets being realised upon default.

Base Case Loss

The base case assumptions described above result in a base case loss of 4.0% for non-real estate assets and 6.1% for real estate leases.

Cash Flow Analysis

DBRS applied appropriate stresses to the base case loss levels described above in accordance with its methodology for Rating European Consumer and Commercial Asset-Backed Securitisations and satisfied itself after considering the results of cash flow modelling that, under those stresses, the structure permits the timely payment of interest and repayment of principal to the rated bonds in accordance with their terms.

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Note:
All figures are in Euro unless otherwise noted.

This report is based on information as of August 2011, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.