

CDO/Spain  
Presale Report

Foncaixa FTGENCAT 4, Fondo  
De Titulizacion De Activos

Expected Ratings\*

Series	Amount (EURm)	Legal Final Maturity	Rating	CE (%)
A(S)	251.20	March 2049	AA+	4.80
A(G) <sup>1</sup>	326.00	March 2049	AAA	4.80
B	9.60	March 2049	AA-	3.20
C	7.20	March 2049	BBB+	2.00
D	6.00	March 2049	BB+	1.00
E <sup>2</sup>	6.00	March 2049	CCC-	n.a.

<sup>1</sup> The Autonomous Community of Catalonia ("Generalitat de Catalunya", rated 'AA-/F1+') will guarantee the ultimate payment of interest and principal on the series A (G) notes.

<sup>2</sup> Un-collateralised notes issued to finance the creation of the reserve fund at closing.

Analysts

Henry Gallego

+44 20 7417 6298

henry.gallego@fitchratings.com

Juan García

+44 20 7417 3498

juan.garcia@fitchratings.com

Performance Analytics

london.cdosurveillance@fitchratings.com

\* Expected ratings do not reflect final ratings and are based on information provided by the fund as of 30 June 2006. Final ratings are contingent on final documents conforming to information already received as well as on satisfactory legal opinion. Ratings are not a recommendation to buy, sell or hold any security. All offering material should be reviewed prior to any purchase.

Related Research

The following special reports provide additional detail on Fitch's rating approach to, and the performance of, the CDO market; all are available at [www.fitchratings.com](http://www.fitchratings.com):

- "Global Rating Criteria for Collateralised Debt Obligations", dated 13 September 2004
- "Pan-European SME CDO Performance Tracker", dated 8 June 2006
- "A Guide to Cash Flow Analysis for RMBS in Europe", dated 20 December 2002
- "Fitch Issuer Report Grades May 2006 Update", dated 5 June 2006

■ Summary

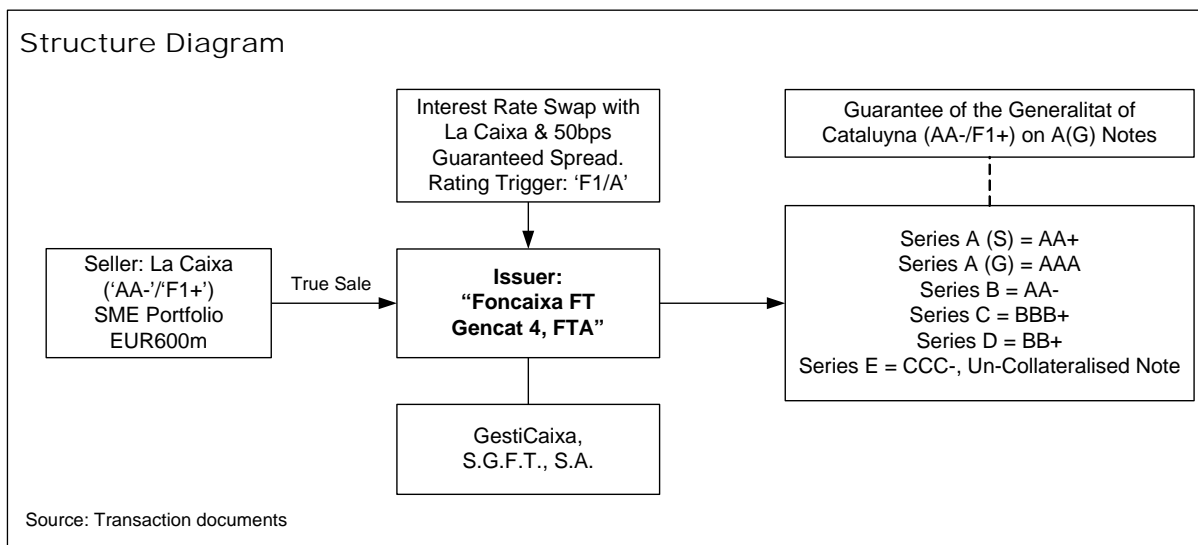
This transaction is a cash flow securitisation of a EUR600 million pool of loans ("the collateral") granted by Caja de Ahorros y Pensiones de Barcelona ("la Caixa" or "the originator", rated 'AA-/F1+') to small and medium-sized Spanish enterprises ("SMEs"). Fitch Ratings has assigned expected ratings to the notes to be issued by Foncaixa FTGENCAT 4, FTA ("the issuer") as indicated on the left. The Autonomous Community of Catalonia ("Generalitat de Catalunya", rated 'AA-/F1+', "the guarantor") guarantees ultimate payment of interest and principal on the class A (G) notes. The issuer will be legally represented and managed by Gesticaixa S.G.F.T., S.A. ("the *sociedad gestora*"), a limited liability company incorporated under Spanish law, whose activities are limited to the management of securitisation funds.

La Caixa is a very active player within the Spanish securitisation arena. As a sole originator, it has issued a total of nine RMBS transactions and three SME CDOs (including this issue). Similar to its predecessor, Foncaixa FTGENCAT 3, FTA (rated in November 2005), this transaction shares identical structural features such as the payment waterfall, the hedge agreement that guarantees a stable excess spread over the life of the transaction and the guarantee from the Generalitat de Catalunya (the new issue report for this transaction is available at [www.fitchratings.com](http://www.fitchratings.com)).

The expected ratings are based on the quality of the collateral, the available credit enhancement ("CE"), la Caixa's underwriting and servicing capabilities, the integrity of the transaction's legal and financial structure, and the *sociedad gestora*'s administrative capabilities. The expected ratings address payment of interest on the notes according to the terms and conditions of the documentation, subject to a deferral trigger on the class B, C and D notes, as well as the repayment of principal by legal final maturity for each note. The series E notes will be issued to finance the cash reserve fund. The series E notes are ultimately likely to default, and their expected ratings are supported by the expected recovery rate for noteholders: that is, the amounts investors are likely to receive during the life of the transaction.

■ Credit Committee Highlights

- Fitch has estimated a base case default rate of 2.0%, based on historic delinquency data provided by la Caixa since 2001. The agency stressed this rate to account for the relatively benign recent economic environment in Spain, applying multiples for the various rating scenarios (see *Credit Analysis*). Moreover, in deriving such base case the credit committee also accounted for the risk of geographic concentration within the region of Catalonia.



- The expected ‘AAA’ rating on the guaranteed A (G) notes reflects the low probability of the guarantor defaulting simultaneously with a large proportion of the underlying collateral. Fitch would assign ratings of ‘AA+’ to these bonds in the absence of such a guarantee; hence the bonds are credit-linked to the rating of the Generalitat de Catalunya (see *Guarantee and Liquidity Facility*).
- The characteristics of the collateral are similar to the previous la Caixa transactions, as illustrated in the table below. While the collateral is well distributed in terms of obligor and industry sector, it is exposed to greater regional concentration as all the loans are located in the region of Catalonia. This concentration element is a feature required under the terms and conditions of the guarantee. Nonetheless, Fitch has taken into account this risk when determining the default probabilities under the various stress scenarios.
- 48.5% of the secured collateral, which in turn represents 76.5% of the SME loan portfolio in volume terms, is linked to first-ranking

commercial real estate assets. Hence, Fitch’s credit analysis combined elements of the collateralised debt obligation (“CDO”) approach, which it uses to rate Spanish SME CDO transactions, with elements of its commercial mortgage-backed securities (“CMBS”) approach (see *Credit Analysis*). The remaining portion of the secured collateral (i.e. 51.5%) is linked to residential properties.

- Approximately 38.0% of the collateral in volume terms refers to flexible loans, also called *Creditor Abierto* (“CA”). These CAs offer borrowers greater flexibility to manage their mortgage loan payments, including further redraws, subject to some conditions, and principal payment breaks. Although potential redraws can be made under CAs, the issuer will not be exposed to additional credit risk as further drawings will not be securitised. However, as recovery proceeds would be divided on a pro rata basis, between the first (securitised) draw and subsequent redraws in the event of a CA borrower defaulting, Fitch has accounted in its analysis for lower final recovery proceeds. In addition, the agency has accommodated in its cash flow model the potential delay in principal collections on the CAs following their payment holiday option (see *Credit Abierto – CA*).

Foncaixa 1, 3 & 4

(%)	Foncaixa		
	4	3	1
No. of Loans	14,258	11,267	15,313
Loans Secured by Mortgages	76.5	77.3	73.9
10 Largest Obligor	5.1	3.8	1.8
Concentration in Catalunya	100	100	16
Notes Issued at Closing(EURm)	600	650	600
Weighted Average Life (No Prepayments) at Closing (Years)	8.4	7.5	8.7

Data points for Foncaixa FTGENCAT 3 and Foncaixa FTPYME 1 are as of the respective closing dates (ie. Nov 05 and Dec 03)  
Source: Fitch

■ Structure

The issuer will be a limited liability, special-purpose vehicle incorporated under Spanish law whose sole purpose is to acquire credit rights from la Caixa to serve as collateral for the issuance of quarterly-paying notes. La Caixa will act, inter alia, as the servicer of the collateral, the account bank provider, the swap counterparty, and the paying agent. However, for the protection of investors, if la Caixa

Key Information

Provisional Portfolio Characteristics  
(As of 26 June 2006)

**Number and Type of Loans:** 14,258 loans to SMEs in Spain

**Total Amount:** EUR728.9 million, of which EUR600m will be retained at closing

**Issuer:** Foncaixa FTGENCAT 4, FTA

**Management Company:** GestiCaixa SGFT, SA

**Originator:** Caja de Ahorros y Pensiones de Barcelona ("la Caixa", rated 'AA-/F1+')

**Paying Agent:** La Caixa

**Swap Counterparty:** La Caixa

**Treasury and Amortisation Accounts (GIC Accounts):** La Caixa

**Schedule Maturity:** March 2046

**Final Legal Maturity:** March 2049

is unable to continue to service the collateral, the *sociedad gestora* will appoint a replacement administrator in accordance with Spanish securitisation law.

Interest and principal collections are dealt jointly through the combined priority of payments described below. A treasury account will be held in the name of the issuer at la Caixa in which all the funds received from the collateral will be deposited daily. However, until the first principal payment date falling in January 2008, principal collections on the underlying collateral will be accumulated in a separate amortisation account, which will also be held in the name of the issuer at la Caixa. Amounts standing to the credit of these accounts will receive a guaranteed interest rate equal to three-month Euribor.

As an account bank provider, if la Caixa's Short-term rating is downgraded below 'F1', the *sociedad gestora* will take one of the following steps within 30 calendar days:

1. find a third party with a satisfactory rating to guarantee its obligations;
2. transfer the treasury account to another entity rated at least 'F1'; or

if neither of the above are possible, provide a guarantee of financial assets rated at least on a par with the Kingdom of Spain ('AAA/F1+'). If option 2 above is not possible, the *sociedad gestora* could also invest the balance of the treasury account temporarily, and until the next payment date, in fixed-income assets ("qualified investments"). An 'F1' rating is sought for qualified investments

maturing within 30 days, and a rating of 'F1+' for longer periods.

Priority of Payments

On each quarterly payment date, commencing in October 2006, the combined ordinary priority of payments will be as follows:

1. expenses, taxes and servicing fees;
2. payment under the swap agreement (if applicable);
3. series A(S) and A(G) interest *pari passu*, and reimbursement to the Generalitat de Catalunya of any amounts drawn under the guarantee;
4. remuneration of the liquidity facility if applicable (see *Guarantee and Liquidity Facility*);
5. series B interest (if not deferred);
6. series C interest (if not deferred);
7. series D interest (if not deferred);
8. principal in order of seniority, excluding the series E notes (see *Amortisation of the Notes*);
9. series B interest if deferred, which will occur if the principal deficiency ledger ("PDL") exceeds 80% of the outstanding balance of these notes, plus 100% of the combined series C and D note outstanding balances;
10. series C interest if deferred, which will occur if the PDL exceeds 100% of the outstanding balance of these notes, plus 100% of the series D note outstanding balance;
11. series D interest if deferred, which will occur if the PDL exceeds 100% of the outstanding balance of these notes;
12. reserve fund top-up if required (see *Reserve Fund*);
13. series E interest;
14. series E principal; and
15. other subordinated amounts including reimbursement and remuneration of the subordinated loan to cover the initial expenses.

A PDL is defined on every payment date as the difference between the balance outstanding on the series A to D notes and the outstanding balance of non-defaulted loans (i.e. those that are less than 12 months in arrears). The structure will meet ordinary and extraordinary expenses out of available excess spread. Initial expenses will be covered via a subordinated loan agreement granted to the issuer by la Caixa before closing.

Amortisation of the Notes

Principal due on the class A to D notes on any payment date will be capped at the difference between the balance outstanding on these notes and the balance of the non-defaulted collateral. It will be

paid, subject to the availability of funds, according to the priority of payments.

The first principal payment date on the notes will be 25 January 2008 and quarterly thereafter. All series will amortise sequentially on a pass-through basis after the A(S) notes have been redeemed in full. However, when the ratio of the performing collateral balance (loans less than 90 days in arrears) plus the amount of principal collections credited to the treasury account during the previous collection period, divided by the current balance of the series A(S) and A(G) notes plus any drawings made under the guarantee is equal to or below 1, the outstanding balances of the A(S) and A(G) notes will amortise *pro rata*.

In addition, the outstanding balances of the B, C and D notes may amortise *pro rata* with the series A (together A(S) plus A(G)) notes once their respective sizes represent 3.20%, 2.40% and 2.00% of the outstanding balance of all the series A to D notes. This will be subject to:

- the delinquency ratio (i.e. loans over 90 days in arrears as a proportion of the outstanding balance of the non-defaulted collateral) being less than 1.25%, 1.00% and 0.75% for series B, C and D respectively;
- the reserve fund (see *Reserve Fund* below) being at its required level; and
- the outstanding balance of non-defaulted loans exceeding 10% of the original collateral balance.

The E notes will only be paid down using monies released from the reserve fund, if any (see *Reserve Fund* below). Because the reserve fund is subject to an absolute floor of 0.83% of the original note balance, these funds will only be released to the series E noteholders at legal final maturity, unless the 10% clean-up call (see below) is exercised and sufficient funds are available after redeeming the series A to D notes in their entirety.

#### Call Option

All notes are subject to a clean-up call option in favour of the *sociedad gestora* when less than 10% of the initial collateral balance remains outstanding.

The clean-up call will only be executed if the A to D notes are redeemed in full. The clean-up call does not guarantee the full or partial redemption of the E notes.

#### Reserve Fund

A reserve fund equivalent to 1.00% of the original balance of the series A to D notes will be funded at closing using the proceeds of the series E note

issuance, and will be credited to the treasury account. Subject to the following conditions, the reserve fund will be permitted to amortise to the greater of 0.83% of the original collateral balance and 2.0% of the outstanding collateral balance:

- the balance of loans more than 90 days in arrears is less than 1.0% of the outstanding non-defaulted collateral;
- on the preceding payment date, the reserve fund was at its required amount; and
- more than three years have lapsed since the closing date of the transaction.

#### Swap Agreement

Under the swap agreement, the issuer will pay to la Caixa, as the swap counterparty, the sum of interest collected and accrued on the non-defaulted portion of the collateral plus the yield generated by the amortisation account. It will, in return, receive the weighted average ("WA") coupon on the A to D notes plus a guaranteed spread of 50 basis points ("bp") multiplied by a notional that is equivalent to the outstanding balance of the series A to D notes.

This swap will have the following main effects:

1. it will provide credit support to the structure by making good the loss of interest arising from loans that default over the life of the deal;
2. it will hedge the interest rate, basis, payment and reset frequency, negative carry, and margin compression risks within the structure;
3. it will produce a stable spread of 50bp on the outstanding balance of the notes; and
4. compensating for the potential negative carry of accumulating cash in the transaction account until the first principal payment date, which only yields three-month EURIBOR, while still servicing the notes

In the event the swap counterparty is downgraded below 'A/F1', it will, within 30 days, take one of the following steps:

- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreement;
- find a replacement counterparty rated at least 'A/F1'; or
- cash- or security-collateralise its obligations in an amount sufficient to comply with existing Fitch criteria.

Based on the special characteristics of the swap agreement, which will pay to the issuer an amount linked to a notional definition that is in line with the balance of the series A to D notes, Fitch, in its cash flow analysis, included the benefit of these payments

considering the appropriate rating downgrade language incorporated in the documents. This language will ensure that the mark-to-market value of the swap takes into account the cost that could be incurred should the counterparty needs to be replaced. Indeed, if la Caixa is downgraded below 'A/F1' and when posting of collateral is the action of choice, it will, within 15 calendar days, report to Fitch the formula to calculate the mark-to-market of the swap and therefore the amount to be posted as collateral. If the formula was not in line with Fitch's criteria, the mark-to-market formula would have to account for an additional amount to be determined by the agency in line with its swap criteria. For details on the method used to calculate the collateral amount see "Counterparty Risk in Structured Finance Transactions: Swap Criteria", dated 13 September 2004 and available at [www.fitchratings.com](http://www.fitchratings.com).

#### Guarantee and Liquidity Facility

The guarantee attached to the class A (G) notes forms part of the FTGENCAT guarantee programme (Resolución ECF/1054/2006), whereby the Generalitat de Catalunya guarantees the ultimate payment of interest and principal on the class A (G) notes until final legal maturity. Under the programme, all the securitised loans must be made to Catalan companies, 80% of which must be SMEs as classified by the European Commission.

Any amounts paid through the guarantee will be considered an obligation of the issuer. Amounts drawn under the guarantee will be repaid to the Generalitat de Catalunya through the priority of payments (see above), and will rank *pari passu* with interest on the series A (G) notes. No interest will be due on the guarantee.

If called, the guarantee from the Generalitat de Catalunya will become due within three months of its drawing, creating a potential timing mismatch between the date on which the guarantee is required and the date on which the guarantor pays it. In view of this potential timing mismatch, the issuer has entered into a EUR6.5m liquidity facility agreement with la Caixa that will amortise in line with the A (G) notes. In the event that la Caixa's Short-term rating is downgraded below 'F1', an alternative liquidity provider or guarantor must be found within 30 days.

CE available for the guaranteed A (G) notes is at a 'AA+' level. Nevertheless the guarantee from the Generalitat de Catalunya allows these notes to achieve a 'AAA' expected rating. Therefore, these bonds are credit-linked to the guarantor.

#### Portfolio Summary

Pool Characteristics	
Current Principal Balance (EURm)	728.9
Average Current Loan per Borrower (EURm)	51,127
Average Original Loan per Borrower (EURm)	66,654
Oldest Loan in Portfolio	Nov 1988
Most Recent Loan in Portfolio	Mar 2006
Flexible CAs (%)	38.0

Interest Rate Type	
Floating-Rate Loans (%)	89.5
WA Interest (%)	3.8

Security Available (%)	
1 <sup>st</sup> Ranking Mortgages (Residential and Commercial Properties)	76.5

Regional Concentration (%)	
Region of Catalonia	100.0

Industry Class Of Borrowers (%)	
Real Estate Activities	17.4
Retail	16.3
Hotel and Tourism	12.7

Source: La Caixa. Percentages in volume terms.

#### ■ Collateral

At closing, the final portfolio will have an outstanding balance of EUR600m and will consist of loans selected from a provisional portfolio of EUR728.9m. As of 26 June 2006, the provisional portfolio's main characteristics, in volume terms, are summarised in the table above.

#### *Crédito Abierto - CA*

CAs are flexible credit products that offer borrowers the option of redraws, and have been primarily designed to assist SMEs in the acquisition of fixed or productive assets. All the CAs included in the portfolio are secured on residential or commercial properties, and only the first CA drawdown will be securitised.

A borrower may apply for further redraws during the life of the product, which can vary between 15 and 30 years depending on the security available. La Caixa will approve these redraws only if the SME passes a new credit risk assessment, regardless of previous redraws. Redraws are also limited in terms of LTV ratios and purpose of investment, and will rank on a *pari passu* basis with the first drawings in the event of the obligor defaulting. For example, if the intention is to purchase or extend the production facilities, a maximum LTV of 70% will apply.

Another feature of the CAs is the option of taking one or more principal payment holidays, subject to the approval of la Caixa's credit committee authorities and compliance with certain criteria. Each borrower has the option to request a maximum

period of principal payment holidays of 36 months, where interest must be paid, but no principal.

■ **Origination and Servicing**

La Caixa is Spain's third-largest banking group (and its largest savings bank) by assets. In spite of large equity holdings, core activities are retail banking-related and centred in Spain. It also offers bancassurance and asset management services. A detailed credit analysis on la Caixa is available at [www.fitchratings.com](http://www.fitchratings.com) in a report under the title "Caja de Ahorros y Pensiones de Barcelona (la Caixa)", dated 27 July 2005.

As part of its rating process, during an on-site visit Fitch reviewed la Caixa's operating and servicing functions in October 2005. La Caixa uses a comprehensive proprietary ratings system, which was developed internally and calibrated for the different segments of the overall book (e.g. SMEs or medium corporates). This evaluates financial and non-financial data for every obligor and assigns a particular score within a scale of 0 (best credit quality) to 9.5 (poorest credit quality). The internal ratings determine the default probability for each client and give an expected loss. The internal rating of an obligor is always assigned/updated when a new transaction is evaluated.

The credit analysis of SME loans includes an examination of the client's audited accounts, status on CIRBE (a Bank of Spain database with information on any Spanish entity's debt profile and default history), RAI (a database of any outstanding legal proceedings), as well as checks with credit bureaus and its own internal rating system. Depending on the total exposures to an obligor, approval can be obtained at branch, business division or regional level. More complex applications may be referred to the credit committee and executive commission.

If the loan is secured on mortgaged property, independent valuation companies approved by the Bank of Spain will provide input to the credit analysis process.

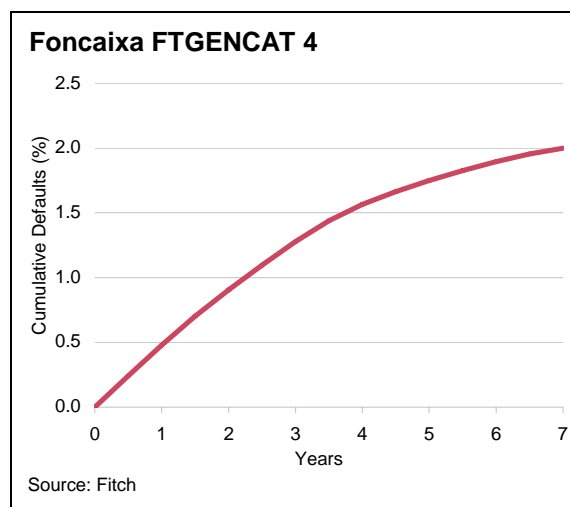
Delinquent borrowers are identified through a system of automatic alerts, which branch managers and analysts can receive as often as on a daily basis. Loans in arrears are managed by the branches for the first 60 days approximately, and are subsequently handled by the risk department. A number of automatically generated letters are sent, their frequency and content depending on the level of la Caixa's exposure to the borrower. In la Caixa's experience, the length of the overall recovery process, since the day an interest or principal

payment is interrupted, averages 24 months for secured loans and 36 months for unsecured. The above average calculated since the beginning of the legal proceedings is 18 months for secured exposures.

■ **Credit Analysis**

The key sections of Fitch's analysis were the calculation of default probability, mainly derived from vintage data provided by the originator, and the definition of tiered recovery rates. These results were combined with the structural features of the transaction and analysed in a cash flow model. CE levels were sized to ensure that each series of bonds would receive interest and ultimate repayment of principal according to the documentation, under its respective stress scenario.

Since the obligation to repay all the loans lies solely with the borrowers themselves rather than relying on the real estate assets or any tenancy agreement linked to the properties securing the collateral, Fitch based its default probability analysis on the credit quality of the borrowers rather than the income-generating capacity of the underlying properties. As indicated below, the specific characteristics of the commercial and residential properties securing the loans were studied as part of the recovery analysis.



Based on Fitch's Pan-European SME CDO Performance Tracker methodology (see report "Pan-European SME CDO Performance Tracker", dated 8 June 2006 and available at [www.fitchratings.com](http://www.fitchratings.com)), the above chart illustrates the expected cumulative base-case defaults for this transaction.

**Recovery Rate**

Fitch conducted a loan-by-loan analysis of the collateral. Key to the agency's recovery analysis is the estimated stressed value of the assets under the different rating scenarios, which is determined by

identifying market value decline (“MVD”) ratios for the different property types.

For the loans secured on commercial properties, MVDs were calculated in accordance with Fitch’s standard analytical approach to CMBS, which uses rental value decline (“RVD”) indicators and income capitalisation rates for specific property types. RVDs are based on historical volatility observations for the real estate market in Europe: the greater the volatility of a particular property type, the lower the potential stressed rent achieved in the future and, therefore, the higher its RVD.

The income capitalisation rate of a property can be expressed as the yield generated in the market by properties with similar features and use (e.g. hotels will normally return a different yield from retail units). More information on Fitch’s CMBS methodology can be found in the special report “*European Property Income Model – “The Logic”*”, dated 9 June 2004 and available at [www.fitchratings.com](http://www.fitchratings.com). The resulting MVDs were calibrated to reflect the geographic concentration of the collateral in this portfolio.

#### Credit Analysis

(%)	Cumulative WA Default Probability	WA Recovery Rates
AA+	8.7	64.1
AA-	7.3	66.8
BBB+	4.7	71.3
BB+	3.3	74.1
Base Case	2.0	76.8

Source: Fitch

For those loans secured on residential properties, Fitch applied the MVD ratios that are detailed in its criteria report “*Spanish Mortgage Default Model III*”, dated 15 September 2005 and available at [www.fitchratings.com](http://www.fitchratings.com). Moreover, the agency assigned the senior unsecured recovery assumption defined by VECTOR to the unsecured loans, (see “*Global Rating Criteria for Collateralised Debt Obligations*”, dated 13 September 2004 and available at [www.fitchratings.com](http://www.fitchratings.com)).

The final WA recovery rates were calculated by blending those rates of the secured and unsecured sub-portfolios based on their respective sizes in volume terms.

#### Cash Flow Modelling

Fitch modelled the cash flow mechanics of this transaction using the default probabilities and recovery rates detailed above. The cash flow model assumed that defaults can occur in front- and back-loaded sequences. Although dependent on the

specific amortisation profile of the collateral, a back-loaded sequence is generally more stressful, as most of the defaults would peak well into the life of the transaction. Therefore, substantial amounts of excess spread would already have been paid out by the structure before any provisioning mechanism was triggered.

The analysis calculated the cost of carrying defaulted loans as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess spread, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received. Interest rates were stressed upwards over time as per the criteria definitions included in the report “*Global Rating Criteria for Collateralised Debt Obligations*”, dated 13 September 2004 and available at [www.fitchratings.com](http://www.fitchratings.com). Fitch’s recovery calculation assumed foreclosure costs to be 10% of the outstanding loan amount, and it also assumed a three-year lapse between the date of default and the recovery date.

CE analysis accounted for the interest deferral mechanism in place on the B, C and D notes, which will redirect funds away from the junior notes and towards the more senior notes. Should the triggers be hit, while interest on the B, C and D notes may be deferred for a period, it will ultimately be paid prior to the maturity date.

The agency also modelled prepayments, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread, which is key to the total CE in this structure. On the other hand, since the principal repayment is directed to the senior series, those notes benefit from higher CE as a result of the increase in subordination. Prepayments may also cause adverse selection as the strongest obligors are likely to be most inclined to prepay, which would leave the pool dominated by weaker obligors as the collateral ages.

#### Series E Notes

The performance of the series E notes requires very favourable conditions for the collateral backing the series A to D notes. Fitch calculated an expected recovery rate after testing several cash flow scenarios commensurate with speculative grade rating levels. The sensitivity analysis performed consisted of testing several variables that affect the release of the reserve fund and consequently the availability of interest and principal payments on the series E notes. Fitch ran multiple stress scenario assumptions, including:

- alternative timing of default assumptions: back-loaded, front loaded as well as evenly spread defaults;
- alternative interest rates: increasing, low, and constant interest rate scenarios;
- prepayment speeds: high, low and average historical prepayment rates;
- different WA margin compression rates on the mortgage loans: the agency modelled high and low margin compression rates assuming the percentage of prepayments are allocated to the higher margin loans in the portfolio; and
- exercise of the clean up call by the originator.

The 'CCC-' expected rating on the series E notes is supported by the expected recovery rates. As default on the series E notes appears probable, a distribution of possible recovery rates was obtained. The recovery rate has been calculated as the present value of the series E notes' expected interest and principal payouts using a discount factor of 8.0%. Based on Fitch's calculation, the expected recovery rate was in the range of 70%-90% of the initial note balance.

#### ■ Performance Analytics

Fitch will report the performance of this transaction against the base case default curve outlined in the "*Pan-European SME CDO Performance Tracker*" report. Along with this tool, other details of the transaction's performance will be available to

subscribers at [www.fitchresearch.com](http://www.fitchresearch.com). Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance Performance Analytics ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

Fitch affirmed the ratings of the notes issued by Foncaixa FTPYME 1 transaction in July 2005, considering among other factors the low level of delinquencies, the increase in CE due to the amortisation of senior notes and the build-up of the reserve funds. Details of the performance of this transaction are available at [www.fitchresearch.com](http://www.fitchresearch.com).

#### Issuer Report Grades

Fitch published the third edition of the Issuer Report Grades (see report "*Fitch Issuer Report Grades May 2006 Update*" date 5 June 2006 and available at [www.fitchratings.com](http://www.fitchratings.com)). This is part of an ongoing effort to improve the transparency of transaction performance to investors. Transactions are scored on a system ranging from one star (meets basic requirements) to five stars (outstanding). FONCAIXAS's transactions have a current score of four, which equate to "Good" according to Fitch's published reporting standards.



■ FONCAIXA FTGENCAT 4, F.T.A.

Spain/CDO

Capital Structure

Series	Rating	Size (%) <sup>3</sup>	Size (EURm)	CE (%)	PMT Freq	Final Legal Maturity	Coupon
A(S)	AA+	41.87	251.20	4.80	Quarterly	March 2049	Floating
A(G) <sup>1</sup>	AAA	54.33	326.00	4.80	Quarterly	March 2049	Floating
B	AA-	1.60	9.60	3.20	Quarterly	March 2049	Floating
C	BBB+	1.20	7.20	2.00	Quarterly	March 2049	Floating
D	BB+	1.00	6.00	1.00	Quarterly	March 2049	Floating
E <sup>2</sup>	CCC-	1.00	6.00	n.a.	Quarterly	March 2049	Floating

<sup>1</sup> The Autonomous Community of Catalonia ("Generalitat de Catalunya", rated 'AA-/F1+') will guarantee the ultimate payment of interest and principal on the series A(G) notes.

<sup>2</sup> Un-collateralised notes issued to finance the creation of the reserve fund at closing.

<sup>3</sup> As a percentage of the A to D notes.

Key Information

Closing Date	19 July 2006 (expected)	Role	Party (Trigger)
Country of Assets	Spain	Structurer	La Caixa, GestiCaixa SGFT SA
Structure	Pass Through, Sequential, Pro-Rata Under Certain Conditions	Originator/ Servicer of the Loans	La Caixa ('F1')
Type of Assets	SME Loans	Issuer	FONCAIXA FTGENCAT 4, F.T.A.
Currency of Assets	EUR	Servicer of the Notes	GestiCaixa SGFT SA
Currency of Notes	EUR	Paying Agent	La Caixa ('F1')
Primary Analyst	henry.gallego@fitchratings.com	Swap Counterparty	La Caixa ('A/F1')
Secondary Analyst	juan.garcia@fitchratings.com	Guarantor	Generalitat de Catalunya
Performance Analyst	london.cdosurveillance@fitchratings.com	Liquidity Provider	La Caixa ('F1')

Collateral – Pool Characteristics as of 26 June 2006

Pool Characteristics			
Current Principal Balance (EUR)	728,971,099	<b>Regional Concentration (%)</b>	
Average Current Loan per Borrower (EUR)	51,127	Region of Cataluña	100.0
Average Original Loan per Borrower (EUR)	66,654	<b>Mortgage Characteristics (%)</b>	
Number of Loans	14,258	WA Seasoning (Months)	31.5
WA Seasoning (Months)	31.5	First Ranking	76.5
Oldest Loan in Portfolio	Nov 1988	First Ranking Residential property	51.5
Most Recent Loan in Portfolio	Mar 2006	First Ranking Commercial property	48.5
Top Five Obligor (%)		<b>Loan to Value (LTV) (%)</b>	
Top Ten Obligor (%)	3.5	WA Original LTV	62.1
	5.1	WA Current LTV	52.8
<b>Interest Rate Type (%)</b>			
Variable	89.5		
Fixed	10.5		
WA Interest	3.8		

Source: La Caixa. Percentages in volume terms.

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