

**GC FTPYME SABADELL 4,  
ASSET SECURITISATION FUND**

**SECURITISATION BOND ISSUE  
750,000,000 EUROS**

Series A(S)	549,400,000 euros	Aaa/AAA
Series A(G)*	162,300,000 euros	Aaa/AAA
Series B	24,000,000 euros	A2/ A+
Series C	14,300,000 euros	Baa3/BBB

\* Series "A(G)" Bonds secured by State Warrantee

**BACKED BY LOANS EXTENDED AND ADMINISTERED BY**



**MANAGING ENTITIES**



**UNDERWRITING AND PLACEMENT ENTITIES:**

Banco de Sabadell, S.A. Société Générale, Sucursal en España

**PAYMENT AGENT**

Banco de Sabadell, S.A.

**FUND FORMED AND ADMINISTERED BY**

GestiCaixa, S.G.F.T., S.A.

**20 OCTOBER 2005**

Prospectus registered with the National Securities Market Commission

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This document constitutes the informative prospectus (hereinafter, indistinctly, the "*Informative Prospectus*" or the "*Prospectus*") of the asset securitisation Fund GC FTPYME SABADELL 4, FTA (hereinafter the "*Fund*") approved and registered with the National Securities Market Commission, pursuant to the provisions in EC Regulation number 809/2004 of the Commission, of 29 April 2004 (hereinafter, "*Regulation 809/2004*"), which includes:

1. A description of the main risk factors linked to the issue, to the securities and to the assets that endorse the issue (hereinafter, the "*Risk Factors*");
2. A registration document of securitisation securities, prepared in accordance with the scheme provided for in Appendix VII of Regulation 809/2004 (hereinafter, the "*Registration Document*");
3. A prospectus schedule, prepared in accordance with the scheme provided for in Appendix XII of Regulation 809/2004 (hereinafter, the "*Prospectus Schedule*"); and
4. A supplemental addendum to the Prospectus Schedule prepared in accordance with the addendum provided for in Appendix VII of Regulation 809/2004 (hereinafter, the "*Supplemental Addendum*").

## **RISK FACTORS**

### **I. RISKS DERIVED FROM THE LEGAL NATURE AND ACTIVITY OF THE ISSUER:**

#### **a) Nature of the Fund and Obligations of the Fund Manager.**

The Fund constitutes a separate pool of property lacking legal personality which, pursuant to Royal Decree 926/1998, is managed by a Fund Manager. The Fund will only respond to its obligations to its creditors with its pool of property.

The Fund Manager will perform those functions for the Fund assigned to it in Royal Decree 926/1998, as well as defend the interests of the Bondholders as the manager of the businesses of third parties, and there is no bondholder syndicate. Thus, the capacity to defend the interest of the Bondholders depends on the means of the Fund Manager.

**b) Mandatory Replacement of the Fund Manager.**

Pursuant to Article 19 of Royal Decree 926/1998, when a Fund Manager has been declared in bankruptcy, it shall proceed to find a Fund manager to replace it. In this case, if a new Fund Manager has not been found within four months of the determining event of the substitution that is willing to undertake the management, then the Fund will be settled early and the securities issued against the Fund will be amortised, in accordance with the provisions in the Deed of Formation and this Prospectus.

**c) Limitation of Actions against the Fund Manager.**

The Bondholders and all other ordinary creditors of the Fund will not be entitled to any action against the Fund Manager, except for the breach of its duties or the failure to observe the provisions set forth in the Deed of Formation and in this Informative Prospectus.

**d) Applicability of Bankruptcy Law.**

In the event of the bankruptcy of Banco de Sabadell, S.A. as the Assignor of the Non-Mortgage Loans and Issuer of the Mortgage Transfer Certificates, the assets belonging to the Fund (including the Mortgage Loans and the Non-Mortgage Loans), except for money due to its nature as a consumable good which existed in the pool of property of Banco de Sabadell, S.A. at the time of bankruptcy, would be the domain of the Fund and would become available to it under the terms of Articles 80 and 81 of the Bankruptcy Act 22/2003 of 9 July (hereinafter, the "*Bankruptcy Act*").

Notwithstanding the above, both the Informative Prospectus and the Deed of Formation provide certain mechanisms for alleviating the aforementioned effects related to money, due to its nature as consumable good.

In order to mitigate the consequences that, for these purposes, a bankruptcy declaration by the Assignor could have on the rights of the Fund, in particular for the purpose of Article 1527 of the Civil Code, section 3.3.1 of the Supplemental Addendum provides that *“in the event of bankruptcy or indications of the same, of intervention by the Bank of Spain, of settlement or replacement of the Administrator or because the Fund Manager deems it to be reasonably justified, the latter may require that the Administrator notify the Debtors of the transmission to the Fund of the Loans pending amortisation, and notify that the payments derived from the same shall only be fully discharged if they are made in the Treasury Account opened on behalf of the Fund”*.

Likewise, and for the same effects of alleviating the stated risk, certain mechanisms have been provided, which are described in sections 3.4.4.1 (Treasury Account), 3.4.4.2. (Amortisation Account), 3.4.5 (Collection by the Fund of payments pertaining to the assets) and 3.7.2.1 (Collections Management) of the Supplemental Addendum.

In the event of the bankruptcy of the Fund Manager, the latter shall be replaced by another Fund manager pursuant to the provisions in Article 19 of Royal Decree 926/1998.

The structure of the asset securitisation operation in question does not allow, except for a breach by the parties, that there be amounts in cash that could be integrated into the total assets of the Fund Manager, given that the amounts corresponding to income of the Fund must be deposited, under the terms provided for in this Prospectus, into the accounts opened on behalf of the Fund by the Fund Manager (which takes part in opening said accounts, not as the simple appointed agent, but as the legal representative of the same), wherefore the Fund shall be entitled to the right of separation in this regard, under the terms provided for in Articles 80 and 81 of the Bankruptcy Act.

The aforementioned notwithstanding, the bankruptcy of any of the subjects taking part (whether Banco de Sabadell, S.A., the Fund Manager or any other counterpart entity) could affect their contractual relationships with the Fund.

## **II. RISKS DERIVED FROM THE SECURITIES.**

### **a) Liquidity.**

There is no guarantee that the bonds shall produce trading of a minimum volume or frequency on the market.

There is no commitment that any entity may take part in the secondary contracting, thereby providing the Bonds with liquidity by offering consideration.

Moreover, in no event will the Fund be permitted to repurchase the bonds from their holders, although they can be amortised in advance in their entirety in the case of the early settlement of the Fund, under the terms set forth in section 4.4.3 of the Registration Document.

### **b) Return.**

The calculation of the return (Internal Rate of Return or IRR) of the Bonds of each Class or Series which is included in section 4.10 of the Prospectus Schedule, is subject to future market interest rates, given the variable nature of the Nominal Interest Rate of each Class.

### **c) Duration.**

The calculation of the average life and the duration of the Bonds of each Class or Series which is included in section 4.10 of the Prospectus Schedule are subject, among other things, to the hypothesis of early amortisation rates and loan arrears that may not prove true. Satisfaction of the early amortisation fee of the Loans is influenced by a variety of economic and social factors. These include market interest rates, the financial situation of the debtors and the general level of economic activity, all of which make predictions difficult.

**d) Default Interest.**

In no event shall the existence of arrears in the payment of interest or the redemption of the principal to the Bondholders give rise to the accrual of default interest in their favour.

**e) Non-Confirmation of the Ratings.**

The lack of confirmation of the provisional ratings granted to the Bonds by the Rating Agencies before the start of the Subscription Period shall constitute an event of termination of the formation of the Fund and of the Bond Issue.

**III. RISKS DERIVED FROM THE ASSETS THAT ENDORSE THE ISSUE.**

**a) Risk of Non-Payment of the Loans.**

The holders of the Bonds issued against the Fund run the risk of non-payment of the Loans pooled into the Fund. Nevertheless, credit-improving operations have been arranged which are included in section 3.4.2.1 of the Supplemental Addendum.

Banco de Sabadell, S.A., as the Assignor, does not accept any liability for default by the Debtors, whether of the principal, interest or any other amount that they may owe by virtue of the Loans. Banco de Sabadell, S.A., in accordance with article 348 of the Commercial Code, will answer to the Fund exclusively for the existence and legitimacy of the Loans, as well as for the status whereby it makes the assignment.

Banco de Sabadell, S.A. will in no other way assume the liability of directly or indirectly guarantying the success of the operation, or provide guaranties or endorsements, or enter into repurchase agreements for the Loans, except for the commitments included in section 2.2.9. and 3.7.2. of the Supplemental Addendum pertaining to the substitution of the Loans that may not comply with the declarations contained in section 2.2.8. of the Supplemental Addendum.

The Bonds issued by the Fund do not represent or constitute any obligation of Banco de Sabadell, S.A. or of the Fund Manager. Except for the State Warrantee,

whose terms are described in section 3.4.7.2. of the Supplemental Addendum, there are no other guarantees given by any public or private entity, hereby including Banco de Sabadell, S.A., the Fund Manager and any other company affiliated with or partially owned by any of the aforementioned.

**b) Limited Protection.**

Investment in the Bonds may be affected by, among other things, by a deterioration in the global economic conditions that has a negative effect on the Loans that support the issue of the Bonds.

In the event that defaults of the Loans reach high levels, the limited protection against losses in the portfolio of Loans could be reduced or even depleted entirely, protection that the Bonds of each Class have separately as a result of the existence of the credit-improving operations described in section 3.4.2 of the Supplemental Addendum.

The degree of subordination in the payment of interest and redemption of the principal between the Bonds of different Series, which is derived from the Payment Priority Order and the Settlement Payment Priority Order of the Fund, constitutes a differentiated measure of protection between the different Series, respectively.

**c) Risk of Early Amortisation of the Loans.**

The Loans pooled into the Fund shall be amortised early when the Debtors repay the pending part of the capital of the Loans in advance, or in the event that Banco de Sabadell, S.A. is subrogated in the corresponding Loans by another financial entity empowered to do so, or by virtue of any other cause that may produce the same effect.

The risk of early amortisation shall be transferred quarterly, on each Payment Date, to the Bondholders by means of the partial amortisation of the same in accordance with the provisions in the distribution rules of the Funds available for amortisation included in section 4.9.4. of the Prospectus Schedule.



**REGISTRATION DOCUMENT OF SECURITISATION SECURITIES**

**(Appendix VII of EC Regulation number 809/2004 of the Commission)**

## 1. RESPONSIBLE PERSONS

### 1.1 Persons responsible for the information included in the Registration Document.

- 1.1.1 Mr. Xavier Jaumandreu Patxot, acting on behalf of and representing GESTICAIXA, SGFT, S.A., (hereinafter, the "*Fund Manager*"), assumes the responsibility for the content of this registration document (hereinafter, the "*Registration Document*").

Mr. Xavier Jaumandreu Patxot acts in his capacity as Director General of the Fund Manager by virtue of the faculties conferred by the Board of Directors at its meeting on 29 June 2001 and expressly for the formation of the Fund by virtue of the powers awarded to him by the Board at its meeting on 11 October 2005.

- 1.1.2 Mr. Rafael García Nauffal, duly authorised for this purpose, acts on behalf of and representing Banco de Sabadell, S.A., in its capacity as management entity (hereinafter, "*Management Entity*") of the securitisation bonds issued by GC FTPYME SABADELL 4, FONDO DE TITULIZACIÓN DE ACTIVOS [ASSET SECURITISATION FUND] (hereinafter, the "*Fund*"), by virtue of the agreement adopted by the Board of Directors of Banco Sabadell, S.A. on 29 September 2005, in compliance with the provisions of Article 28.1, paragraph three of the Securities Market Act; in compliance with number 2 of Article 31 of Royal Decree 291/1992, of 27 March, on issues and public offers of the sale of securities, in the publication amended by Royal Decree 2590/1998, of 7 December; and in accordance with the provisions in number 3 of Article 20 of said Royal Decree 291/1992.

- 1.1.3 Mr. Arturo Alonso Pérez and Mr. Fernando García Buitrago, duly authorised for this purpose, act on behalf of and representing the Spanish branch of Société Générale, in its capacity as Management Entity of the securitisation bonds issued by GC FTPYME SABADELL 4, FONDO DE TITULIZACIÓN DE ACTIVOS [ASSET SECURITISATION FUND], in compliance with the provisions of Article 28.1, paragraph three of the Securities Market Act; in compliance with number 2 of Article 31 of Royal Decree 291/1992, of 27 March, on issues and public offers of sale of securities, in the version amended by Royal Decree 2590/1998, of 7

December; and in accordance with the provisions in number 3 of Article 20 of said Royal Decree 291/1992.

## **1.2 Declaration of the persons responsible for the content of the Registration Document.**

1.2.1 Mr. Xavier Jaumandreu Patxot hereby declares that the information contained in this Registration Document is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect the content.

1.2.2 Mr. Rafael García Nauffal hereby declares:

- That the necessary verifications for checking the veracity and integrity of the information contained in the Prospectus have been conducted.
- That, as a consequence of these verifications, there is no indication of circumstances that might contradict or alter the information contained in the Registration Document, and it does not omit significant facts or data that could be relevant to investors.

1.2.3 Mr. Arturo Alonso Pérez and Mr. Fernando García Buitrago declare:

- That the necessary verifications for checking the veracity and integrity of the information contained in the Prospectus have been conducted.
- That, as a consequence of these verifications, there is no indication of circumstances that might contradict or alter the information contained in the Registration Document, and it does not omit significant facts or data that could be relevant to investors.

## **2. ACCOUNT AUDITORS**

### **2.1 Fund Auditors.**

In accordance with the provisions in section 4.4 of this Registration Document, the Fund has no historical financial information.

During the period of validity of the operation, the annual accounts of the Fund shall be verified and reviewed by account auditors annually. The annual accounts of the Fund and the audit report shall be deposited in the Companies Registry and in the CNMV.

The Board of Directors of the Fund Manager, at its meeting dated 11 October 2005, appointed Deloitte S.L., which has its registered office in Plaza Pablo Ruiz Picasso, num.1, 28020 Madrid, Spain and is holder of Corporate Tax Code: B-79104469, registered in the Companies Register of Madrid, Volume 13650, Sheet 188, Section 8, Page M- 54414, as well as in the R.O.A.C. [*Official Register of Auditors*] with number S0692, as Fund auditors for a period of 3 years, that is to say, 2005, 2006 and 2007. The Board of Directors of the Fund Manager shall inform the CNMV, rating agencies and Bondholders of any change that may occur with regard to the designation of the auditors.

## **2.2 Accounting Criteria used by the Fund.**

All collections and payments will be recognised by the Fund according to the maturity criteria, that is, based on the actual flow that the said collections and payments represent, regardless of the moment when the collection or payment takes place.

The initial expenses of the Fund and the expenses from issuing the bonds (hereinafter, the "*Bonds*") will be financed through a commercial loan (hereinafter, the "*Loan for Initial Expenses*"), which will be amortised quarterly by the amount that said initial expenses would be amortised in accordance with the official Fund accounting, and in any event over a maximum term of five (5) years from the formation of the Fund and according to accounting and tax legislation in force at any time, as long as the Fund has sufficient liquidity in accordance with the Payment Priority Order established in section 3.4.6 of the Supplemental Addendum.

The financial year of the Fund shall coincide with the calendar year. However, and as an exception, the first financial year will start on the Fund Formation Date, and the last financial year will end on the Fund extinction date.

### 3. RISK FACTORS

The risk factors linked to the issuer are described in section 1 of the previous section ("Risk Factors") of this Prospectus.

### 4. INFORMATION ON THE ISSUER

#### 4.1. Declaration that the issuer has been formed as a securitisation Fund.

The Issuer is an Asset Securitisation Fund that will be formed pursuant to Spanish legislation.

#### 4.2. Legal and professional name of the issuer.

The name of the Fund is "GC FTPYME SABADELL 4, Fondo de Titulización de Activos".

#### 4.3. Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the CNMV. The Fund was recorded in the Official Registers of the CNMV on 20 October 2005.

#### Companies Registry.

It is hereby made known that neither the formation of the Fund nor the Bonds that are issued against its assets shall be registered in the Companies Registry, in accordance with the discretionary power contained in Article 5.4 of Royal Decree 926/1998.

#### 4.4. Formation date and period of activity of the issuer.

##### 4.4.1 Fund Formation Date

The Fund Manager, together with BANCO DE SABADELL, S.A. (hereinafter, indistinctly, "*Banco de Sabadell*" or the "*Assignor*") as the assignor of the Loans, shall proceed on 21 October 2005 to execute the public deed of formation of GC FTPYME SABADELL 4, FONDO DE TITULIZACIÓN DE ACTIVOS [ASSET

SECURITISATION FUND], with the assignment by BANCO DE SABADELL, S.A. to the Fund of non-mortgage loans and mortgage loans by the issue of Mortgage Transfer Certificates, and with the issue of Securitisation Bonds by the Fund, under the terms provided for in Article 6 of Royal Decree 926/1998 (hereinafter, the "*Deed of Formation*").

The Fund Manager hereby states that the content of the Deed of Formation shall coincide with the preliminary draft of the Deed of Formation that it delivered to the CNMV, and in no case do the terms of the Deed of Formation contradict, modify, alter or invalidate the regulations contained in this Informative Prospectus.

The Deed of Formation may not be altered, barring exceptional circumstances, provided that this is allowed under the legislation in force and in accordance with the conditions that may be set forth by rules and regulations. In any event, such actions shall require the Fund Manager to give prior notification to the CNMV or competent administrative body, or receive their prior authorisation, if necessary. The Ratings Agencies must also be notified, provided that such actions do not jeopardise the rights of the Bondholders or the credit rating awarded to the Bonds by the Ratings Agencies. A modification of the Deed of Formation shall be communicated by the Fund Manager to the CNMV and to the Ratings Agencies. The Deed of Formation may also be the possible object of rectification at the request of the CNMV.

#### 4.4.2 Activity period of the Fund.

The activity of the Fund shall start on the day that the Deed of Formation is executed and shall end on the legal maturity date of the Fund.

The duration of the Fund shall be until 30 April 2038 or, if this date were not to be a Business Day, the following Business Day, unless early settlement were to have occurred previously, as considered in section 4.4.3 of this Registration Document, or any of the events considered in section 4.4.4 of this Registration Document were to have taken place.

#### 4.4.3 Early settlement of the Fund.

The Fund Manager, with prior communication to the CNMV, will be authorised to proceed with the early settlement of the Fund and with it, to the Early Amortisation and extinction of the Fund on a Payment Date for the entirety of the Bonds Issue in any of the following circumstances (hereinafter, the "*Circumstances of early settlement* "):

#### **Circumstances of early settlement**

- (i) Whenever the amount of the Outstanding Balance of the non-Defaulted Loans is less than 10 percent of the Initial Outstanding Balance of the Loans on the Fund Formation Date , pursuant to the authorisation set forth in Article 5.3 of Law 19/1992, and provided that the sale of the Loans pending amortisation, together with the balance that may exist at that time in the treasury account and, if applicable, the Amortisation Account allow the full cancellation of the pending obligations with the Bondholders while respecting the prior payments to the latter whose priority order may be preferential, and the necessary authorisations to do so have been obtained from the competent authorities.
  
- (ii) Whenever a substantial alteration may occur or the financial balance of the Fund required by article 5.6 of Law 19/1992 may be permanently distorted due to any event or circumstance unrelated to or not due to the development of the Fund itself. This includes circumstances such as changes to regulations or supplementary legislative developments, the establishment of withholding obligations, or other situations that could permanently affect the financial equilibrium of the Fund. In this event and after informing the CNMV, the Fund Manager may proceed with the orderly settlement of the Fund pursuant to the rules set forth in the Deed of Formation and in this Registration Document.
  
- (iii) Necessarily, in the event that the Fund Manager is declared in suspension of payments or bankruptcy, and once the statutory period established for that purpose has elapsed or, in default thereof after four months, without having designated a new Fund Manager, in

accordance with the provisions in section 3.7.1.3 of the Supplemental Addendum.

- (iv) Whenever non-payment may occur and which may be indicative of a serious and permanent lack of equilibrium regarding any of the Bonds issued or regarding any unsubordinated credit, or it may be foreseeable that it is going to occur.
  
- (v) When thirty (30) months have transpired from the last maturity date of the Loans, even though there may still be amounts due and pending collection. Nevertheless, the legal maturity date of the Fund shall be when thirty-six (36) months have passed since the date of the last due date of the Loans.

For the purposes of this section, the Outstanding Balance of the Bonds on the date of the early settlement of the Fund will be understood as a payment obligation derived from the Bonds plus the accrued interest outstanding as of that date, less any tax retention, which shall for all legal purposes be considered due and payable on that date.

For the said early settlement of the Fund to proceed, the following conditions must be met:

- a) The necessary authorisations to do so have been obtained, if applicable, from the competent administrative authorities or organisations.
  
- b) The Bondholders are notified, in the manner provided for in the following paragraph and with advance notice of fifteen (15) Business Days, of the resolution by the Fund Manager to proceed with the early settlement of the Fund. The said notification, which must have been previously reported to the CNMV by publication of



the prescribed relevant event pursuant to the provisions in Article 82 of the Securities Market Act and reported to the Ratings Agencies, shall likewise be published in the Official Daily Gazette of the AIAF Market or through any other means of publication that is generally accepted by the market and that guarantees adequate diffusion of the information in time and content. This communication shall contain the description (i) of the circumstance or circumstances for proceeding with the early settlement of the Fund, (ii) of the procedures for carrying it out, and (iii) of the manner to proceed in order to attend to and cancel the payment obligations derived from the Bonds in accordance with the Payment Priority Order included in stipulation 3.4.6 of the Supplemental Addendum.

In order for the Fund, through the Fund Manager, to carry out the early settlement of the Fund and the early maturity of the Bond Issue, the Fund Manager, on behalf of and representing the Fund, will proceed to:

- (i) Sell the Non-Mortgage Loans and the Mortgage Transfer Certificates for a price no lower than the sum of the amount of the principal plus the unpaid accrued interest of the Loans pending amortisation.
  
- (ii) Cancel all contracts that may not be necessary for the settlement process of the Fund.

In the event that the preceding actions were insufficient or Loans or other assets were to remain in the Fund, the Fund Manager shall proceed to sell them, wherefore it shall request an offer from at least five (5) of the entities that are the most active in purchasing and selling these assets and who, in its opinion, may give market value. The Fund Manager shall be bound to accept the best offer received for the assets up for sale which, in its opinion, covers the market value of the asset in question. To set the market value, the Fund Manager shall obtain the appraisal reports that it deems necessary.

The Assignor shall be entitled to the right to first refusal, wherefore it may preferentially acquire from third parties the Loans or other assets coming from them that may remain in the assets of the Fund. To this end, the Fund Manager shall send the Assignor a list of the assets and of the offers received from third parties. The Assignor may make use of the aforementioned right with respect to all the assets offered by the Fund Manager within ten (10) Business Days following the receipt of the aforementioned notification and as long as its offer is at least equal to the best one made by third parties.

The preceding right to first refusal does not, in any event, involve a pact or declaration of repurchase of the Loans granted by the Assignor. In order to exercise the said right to first refusal, the Assignor shall have a term of five (5) Business Days as from the date when the Fund Manager notifies him of the conditions for disposing of the Loans.

The Fund Manager, having made the reserve for the initial extinction expenses, shall immediately apply all the amounts that it may have obtained from the disposal of the Loans of the Fund to payment of the various concepts in the manner, amount and Settlement Payment Priority Order described in section 3.4.6 of the Supplemental Addendum.

#### **4.4.4 Extinction of the Fund.**

The Fund shall be extinguished in any case as a result of the following circumstances:

- (i) Due to the complete amortisation of the Non-Mortgage Loans and the Mortgage Transfer Certificates pooled together.
- (ii) Due to the total amortisation of the Bonds issued.
- (iii) Due to the end of the early settlement procedure.
- (iv) In any event, on the Payment Date following the date when 36 months have elapsed as from the final maturity date of the Loans, even though there may still be amounts due and pending collection, that is to say, on the legal maturity date of the Fund.
- (v) The Fund shall likewise be cancelled if, before the start of the Subscription Period, the Ratings Agencies were not to definitively confirm the ratings provisionally assigned or circumstances of force

majeure were to occur prior to the commencement of the Subscription Period and in accordance with article 1105 of the Civil Code as outlined in the management, underwriting and brokerage contract for the bond issue (hereinafter, the "*Management, Underwriting and Brokerage Contract for the Bond Issue*"). In these cases, the Fund Manager shall terminate the Formation of the Fund, the assignment of the Loans to the Fund and the ensuing issue and subscription of the Mortgage Transfer Certificates that facilitate their assignment and the Bond issue.

The extinction of the Fund shall be reported to the CNMV as soon as it is confirmed and shall be made public through the procedure described in this section. Within one month of the occurrence of the cause of termination, the Fund Manager shall execute a Notarised Certificate, thereby declaring that the obligations of the Fund are settled and terminated and that the Fund is extinguished. The aforementioned notwithstanding, the Fund Manager shall take care of the initial expenses of the Fund that are enforceable, which are estimated in section 6 of the Prospectus Schedule, using the Loan for Initial Expenses, the contract for which will not be terminated but will be cancelled once the aforementioned obligations are satisfied, and reimbursement of the principal is subordinated to the fulfilment of all other obligations contracted by the Fund Manager in representation and on behalf of the Fund.

In the event that there were any remaining amount, upon the settlement of the Fund and after having made all payments owed to the various creditors by means of the distribution of the Funds available for settlement pursuant to the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum, the said amount shall be in favour of the Assignor under the conditions that may be established by the Fund Manager.

In any event, the Fund Manager, acting on behalf of and representing the Fund, will not proceed with the extinction of the Fund and the cancellation of its recording in the corresponding administrative registries until the settlement of the remaining assets of the Fund and the distribution of the Funds available for settlement according to the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum have taken place, except for the appropriate reserve to cover the final expenses of extinction and settlement of a tax, administrative, or publication nature.

Once six (6) months have elapsed since the settlement of the remaining assets of the Fund Available for Settlement, the Fund Manager shall execute a Notarised Certificate declaring (i) the extinction of the Fund, as well as the causes that motivated its extinction; (ii) the procedure followed for notifying the Bondholders and the CNMV; and (iii) the distribution of the Available Funds for Settlement following the Settlement Payment Priority Order; this shall be announced in a national newspaper and shall comply with all other administrative procedures that may be applicable. Said notary document shall be submitted by the Fund Manager to the CNMV.

#### **4.5. Registered address, legal personality and legislation applicable to the Issuer.**

The Fund, pursuant to Article 1 of Royal Decree 926/1998, shall constitute a separate pool of assets lacking legal personality, and it shall be closed pursuant to Article 3 of Royal Decree 926/1998. The Fund shall be managed and represented by "GestiCaixa, S.G.F.T., S.A.", formed as a Fund Manager authorised for such purpose, and as a result thereof, for exercising the management and legal representation of the Fund by virtue of the provisions in Royal Decree 926/1998.

The registered address of the Fund shall be the same as the registered address of the Fund Manager, GestiCaixa, Sociedad Gestora de Fondos de Titulización, S.A., incorporated in Spain, with its registered office at Avenida Diagonal, 621, in Barcelona. The contact telephone number is 93 409 24 56.

"GC FTPYME SABADELL 4, Fondo de Titulización de Activos" is formed by virtue of the provisions in the Ministerial Order of 28 December 2001, amended by the Order, ECO/1064/2003, of 29 April 2003, on Agreements for the Promotion of Asset Securitisation Funds in order to favour business financing. The GC FTPYME SABADELL 4 Fund will be regulated according to (i) this Prospectus Schedule; (ii) the deed of formation (hereinafter "*Deed of Formation*") of the Fund; (iii) Royal Decree 926/1998 and its secondary legislation; (iv) Act 19/1992, of 7 July, on the Regulation of Real Estate Investment Funds and Companies and on Mortgage Securitisation Funds, where Royal Decree 926/1998 may be silent and to the extent that it may be applicable; (v) the Order of 28 December 2001; (vi) Act 24/1988, of 28 July, on the Securities Market, in its current version, as regards its supervision, inspection and fines; (vii) Act 44/2002, of 22 November, on Reform Measures of the Financial System (hereinafter, "*Act 44/2002*"); and (viii) all other legal and regulatory provisions in force that may be applicable at any time.

#### 4.5.1 Tax regime of the Fund.

In accordance with that established in section 2 of article 1 of Royal Decree 926/1998, of 14 May, whereby the asset securitisation funds and the Fund management companies of securitisation funds are regulated; in article 5.10 of Law 19/1992; article 7.1.h) of the Revised Text of the Corporations Tax Act, approved by Royal Legislative Decree 4/2004 of 5 March; article 20.one.18 of Law 37/1992, of 28 December, concerning Value Added Tax and article 59.k of Royal Decree 1777/2004, of 30 July, through which the Regulation of the Corporations Tax is approved, the characteristics of the fiscal regime of the Fund are as follows:

- a) The Fund formation will be exempt from the concept of “corporate operations” of the Tax on Patrimonial Transfers and Documented Legal Acts.
- b) The Bonds issue will be exempt from Value Added Tax (article 20.one.18 of the VAT Law) and from the Tax on Patrimonial Transfers and Documented Legal Acts (article 45-I.B number 15 of the Revised Text concerning the Tax on Patrimonial Transfers and Documented Legal Acts).
- c) The Fund is subject to Corporation Tax at the general rate in force at any given time, which is currently set at 35%.
- d) The administration of the Fund by the Fund Manager is exempt from VAT.

As regards the earnings of the Mortgage Participations, Mortgage Transfer Certificates, Loans and other credit rights that could constitute income of the Fund, there shall be no obligation to withhold or make interim deposits.

#### 4.6. Capital authorised and issued by the issuer.

Not applicable.

### 5. DESCRIPTION OF THE COMPANY

#### 5.1 Brief description of the main activities of the issuer.

The activity of the Fund consists of the acquisition of a set of Loans held by BANCO DE SABADELL, S.A. granted to small and medium non-financial enterprises residing in

Spain and of the issue of securitisation bonds designed to finance the acquisition of the Loans and the allocation of the Reserve Fund, the insured placement of which is directed at institutional investors.

All income from interest and from redemption of the principal of the acquired Loans that is received by the Fund will be assigned quarterly, on each Payment Date, to the payment of interest and redemption of the principal of the Securitisation Bonds issued pursuant to the specific conditions of each one of the series (hereinafter, the “*Series*”) into which the Bond issue is divided and in the Priority Order established for payments of the Fund.

Likewise, the Fund, represented by the Fund Manager, shall arrange a series of financial operations and services in order to consolidate the financial structure of the Fund, to increase the security or regularity of the payment of the Bonds, to cover time lags between the schedule of flows of the principal and interest of the Loans and the schedule of the Bonds and, in general, to make the financial transformation possible, which is being conducted within the separate pool of assets of the Fund, between the financial characteristics of the Loans and the financial characteristics of each bond Series.

## **5.2 General description of the parties of the securitisation programme.**

- **GESTICAIXA, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN S.A.**

GESTICAIXA is a securitisation Fund Manager incorporated in Spain, and it is recorded in the special register of the CNMV with number 7.

Tax ID number A-58481227

C.N.A.E. [*Classification of Economic Activity*] 67100

Corporate address: Avenida Diagonal, 621 Barcelona

GESTICAIXA is registered in the Companies Registry of Barcelona, volume 34187, sheet 192, page B-50432, 14<sup>th</sup> entry.

The Fund Manager has not been granted a credit rating.

- **BANCO DE SABADELL, S.A.**

BANCO DE SABADELL, S.A. is a bank incorporated in Spain, and it is recorded in the Special Register of Banks and Bankers of the Bank of Spain with number 0081.

Tax ID number A-08000143

C.N.A.E. [*Classification*

*of Economic Activity*] 65121

Corporate address: Plaça de Catalunya, 1 08021 Sabadell (Barcelona)

Central operations headquarters

- Plaça de Catalunya, 1 08021 Sabadell (Barcelona).

- Polígono Can Sant Joan, Sena 12, 080190 Sant Cugat del Vallés (Barcelona).

Banco de Sabadell, S.A. is registered in the Companies Registry of Barcelona, volume 20093, sheet 1, page B-1561.

Ratings of the unsubordinated and non-guaranteed, short-term and long-term debt of Banco de Sabadell, S.A. assigned by Ratings Agencies on 12 April 2005 by Fitch, on 27 June 2005 by Moody's and on 11 August 2005 by S&P.

Ratings	Fitch	Moody's	S&P
Short term	F1	P1	A1
Long term	A+	A1	A

- **SOCIÉTÉ GÉNÉRALE, Sucursal en España (Branch in Spain)**

**SOCIÉTÉ GÉNÉRALE, Sucursal en España** is a bank incorporated in Spain, and it is recorded in the Special Register of Banks and Bankers with number 0108.

CIF (Corporate Tax Code): A-0011682-B

Corporate address: Torre Picasso, Plaza Pablo Ruiz Picasso, 1, 28020 Madrid

**SOCIÉTÉ GÉNÉRALE, Sucursal en España** is registered in the Companies Registry of Madrid, volume 10215, sheet 35, page 18909, entry 480.

Ratings of the unsubordinated and non-guaranteed, short-term and long-term debt of Société Générale, assigned by Ratings Agencies on 21 May 2003 by Fitch, on 6 January 2005 by Moody's and on 26 July 1995 by S&P.

Ratings	Fitch	Moody's	S&P
Short term	F1	P-1	A-1
Long term	AA-	Aa2	AA-

**ERNST & YOUNG, S.L.**

CIF (Corporate Tax Code): B-78970506 and registered in the R.O.A.C. [*Official Register of Auditors*] with number S0530.

Corporate address: plaza Pablo Ruiz Picasso - Ed Torre Picasso, 1, 28020 Madrid.

Ernst & Young, S.L. is registered in the Companies Registry of Madrid, volume 19073, sheet 156, section 8, page 23123.

**MOODY'S INVESTORS SERVICE ESPAÑA, S.A.**

CIF (Corporate Tax Code): A-80448475

Corporate address: calle Bárbara de Braganza 2, 28004 Madrid

Moody's Investment Service España, S.A. is registered in the Companies Registry of Madrid, volume 4384, sheet 216, section 8, page 72712.

**FITCH RATINGS ESPAÑA, S.A.**

CIF (Corporate Tax Code): A-58090655

Corporate address: calle Balmes, 89-91 planta 7, 08008 Barcelona



Fitch Ratings España, S.A. is registered in the Companies Registry of Barcelona in volume 30413, sheet 125, section 8, page 97779.

**CUATRECASAS ABOGADOS, S.R.L.**

CIF (Corporate Tax Code): B-59942110

Corporate address: Paseo de Gracia, 11, 08008 Barcelona

Cuatrecasas Aogados, S.R.L. is registered in the Companies Registry of Barcelona in volume 37673, sheet 30, section 8, page 23850.

The functions of each of the aforementioned entities are included in section 3.1 of the Prospectus schedule.

Caixa d'Estalvis i Pensions de Barcelona, through Caixa Holding, S.A., holds an indirect share (from which control is held) of 96.4% of the share capital of GestiCaixa, S.G.F.T, S.A.

Likewise, Caixa d'Estalvis i Pensions de Barcelona, through Caixa Holding, S.A., has an indirect share of 14.3% of the share capital of Banco de Sabadell, S.A.

The existence of any other type of direct or indirect ownership or control between the said legal personalities that participate in the securitisation operation is not known.

## **6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

The administration and legal representation of the Fund corresponds to the Fund Manager, GESTICAIXA, SOCIEDAD GESTORA DE FONDOS DE TITULIZACION S.A., under the terms provided for in Royal Decree 926/1998, in Law 19/1992, to the extent that Royal Decree 926/1998 may be silent and for which it may be applicable; and all other applicable legislation, as well as the terms of the Deed of Formation.

## **6.1 Formation and recording in the Companies Registry.**

GestiCaixa, Sociedad Gestora de Fondos de Titulización, S.A., is a limited liability company of Spanish nationality, holder of Tax ID number A-58481227, incorporated by public deed before the Notary Public of Barcelona, Mr. Wladimiro Gutiérrez Álvarez, on 6 November 1987 under the name "Caixa 92, S.A.", having changed its initial name to that of GestiCaixa, Compañía Gestora de Fondos de Titulización Hipotecaria, S.A. and having been transformed into a mortgage securitisation Fund Management Company on 6 September 1993, by means of the deed authorised before the Notary Public of Barcelona, Mr. Roberto Follia Camps, under number 2129 of his notarial records, and pursuant to the provisions of Article six of Law 19/1992 governing the regulation of Real Estate Investment Funds and Companies and Mortgage Securitisation Funds, by virtue of the authorisation granted in the Ministerial Order of 24 August 1994. It is registered in the Companies Registry of Barcelona, page 110165, sheet 141, volume 9173, book 8385, 2<sup>nd</sup> section, 1<sup>st</sup> entry, and was adapted to the Limited Liability Companies Act by public deed before the Notary of Barcelona, Mr. Wladimiro Gutiérrez Álvarez, registered as the 3<sup>rd</sup> entry of page number B-50432, sheet 143, volume 9173. On 10 June 2002, it was transformed into a securitisation Fund management company by means of a deed authorised before the Notary of Barcelona, Mr. Joaquín Viola Tarragona, under number 424 of his notarial records, in accordance with the Sole Transitional Provision of Royal Decree 926/1998, dated 11 May, whereby the asset securitisation funds and the Fund management companies of securitisation funds are regulated, and by virtue of the authorisation from the Ministry of Economy through the Ministerial Order dated 9 May 2002, thereby adopting GestiCaixa, Compañía Gestora de Fondos de Titulización, S.A. as the new company name. Said deed has been registered in the Companies Registry of Barcelona, volume 34187, sheet 192, page B-50432, 14<sup>th</sup> entry.

The duration of the Fund Manager is indefinite, except for the concurrence of any of the causes of termination that may be established in legal or regulatory provisions.

## **6.2 Account auditing.**

The annual accounts of GESTICAIXA corresponding to the financial years ending on 31 December 2004, 2003 and 2002 have been audited by the firm Deloitte S.L.,

which is registered in the ROAC (Official Registry of Accounts Auditors) with number S0692.

There are no reservations recorded in the audit reports of the annual accounts corresponding to the 2004, 2003 and 2002 financial years.

### 6.3. Main activities.

The exclusive purpose of the Fund Manager is the formation, administration and legal representation of the assets of both asset securitisation funds and mortgage securitisation funds, as established by Royal Decree 926/1998, of 11 May, which regulates asset securitisation funds and the managers of securitisation funds.

As of 31 September 2005, GESTICAIXA administers 14 securitisation funds, of which 9 are mortgage securitisation funds and 5 are asset securitisation funds.

The following table lists the 14 securitisation funds that are administered, indicating their formation dates and the nominal amounts of the bonds issued against them and their outstanding balances of principal, in thousands of euros:

Securitisation Fund	Formation Date	Initial Bond Issue	Balance on 30/08/2005	Balance on 31/12/2004	Balance on 31/12/2003
FONSCAIXA HIPOTECARI 1, FTH	14/07/1999	600,000	155,785	180,285	235,408
FONSCAIXA HIPOTECARI 2, FTH	22/02/2001	600,000	260,722	303,594	371,326
FONSCAIXA HIPOTECARI 3, FTH	06/07/2001	1,500,000	867,427	970,689	1,117,799
FONSCAIXA HIPOTECARI 4, FTH	13/12/2001	600,000	357,482	386,486	450,425
FONSCAIXA HIPOTECARI 5, FTH	15/10/2002	600,000	422,853	470,311	532,693
FONSCAIXA HIPOTECARI 6, FTH	17/12/2002	600,000	429,083	474,498	536,486
FONSCAIXA HIPOTECARI 7, FTH	26/09/2003	1,250,000	1,011,029	1,106,912	1,250,000

FONSCAIXA HIPOTECARI 8, FTH	15/03/2005	1,000,000	972,017		
GC SABADELL 1, FTH	12/07/2004	1,200,000	1,200,000	1,200,000	
GC FTGENCAT II, FTA	28/03/2003	950,000	505,420	634,270	849,927
GC FTPYME PASTOR 1, FTA	28/10/2003	225,000	131,546	172,005	225,000
GC FTPYME PASTOR 2, FTA	28/10/2004	800,000	628,998	800,000	
FONCAIXA FTPYME 1, FTA	27/11/2003	600,000	600,000	600,000	600,000
GS COMPASS SPAIN 1, FTA	10/12/2004	150,000	108,568	147,462	

#### 6.4. Share capital and own resources.

The share capital of the Fund Manager at the moment of formation of the Fund is one million five hundred two thousand five hundred euros (€1,502,500), represented by two hundred fifty thousand (250,000) registered shares with a face value of six euros and one cent (€6.01) each.

	31/12/2004	31/12/2003	31/12/2002
Capital	1,502,500.00	1,502,500.00	1,502,500.00
Reserves	262,033.12	1,492,721.27	878,543.47
Profits	1,326,338.61	1,127,640.27	614,177.80
Dividend on account	-1,177,215.29	0.00	0.00
<b>Shareholders' equity:</b>	<b>1,913,656.44</b>	<b>4,122,861.54</b>	<b>2,995,221.27</b>

#### Classes of shares

All shares issued by the Company up to the publication date of this Registration Document are ordinary registered shares of a single class and series, and they confer identical voting and economic rights.

#### 6.5 Existence of shares in other companies.

The Fund Manager has one share with a face value of €6.01 in the company, Caixa Corp, S.A.

## **6.6 Administrative, management and supervisory bodies.**

The government and administration of the Fund Manager are entrusted to the General Shareholders Meeting and to the Board of Directors in accordance with the by-laws. Their competencies and powers are those that correspond to such bodies in accordance with the provisions of the Limited Liability Companies Act and Act 19/1992, of 7 July, as regards the corporate objective.

The Board of Directors is comprised of the following persons, whose registered address is Avenida Diagonal, 621, Barcelona :

<b>Chairman:</b>	Mr. Juan San Miguel Chapulí
<b>Board members:</b>	Mr. Fernando Cánovas Atienza Mr. Hernán Cortés Lobato Mr. Ernest Gil Sánchez Mr. Xavier Jaumandreu Patxot Mr. Josep Ramón Montserrat Miró
<b>Secretary (non-member):</b>	Mr. Félix López Antón
<b>Deputy-secretary (non-member):</b>	Mr. Roser Vilaró Vives

The Managing Director of the Fund Manager is Mr. Xavier Jaumandreu Patxot.

## **6.7 Main activities of the persons cited in the preceding section 6.6 performed outside of the Fund Manager, if they are important with respect to the Fund.**

None of the persons cited in the preceding section perform activities outside the Fund Manager that are important with respect to the Fund.

The Board of Directors of the Fund Manager are not holders or representatives, directly or indirectly, of any share or convertible security.

## **6.8 Lenders of the Fund Manager by more than 10 percent.**

There are no persons or entities who are lenders of the Fund Manager and who hold debts of the same of more than 10%.

## **6.9 Litigation involving the Fund Manager.**

On the registration date of this Registration Document, there are no lawsuits or controversies that may significantly affect the economic-financial situation of the Fund Manager or its future capacity to perform the management and administration functions of the Fund provided for in this Registration Document, and it is not involved in any situation of bankruptcy.

## **7. MAIN SHAREHOLDERS**

### **7.1 Declaration about the direct or indirect ownership of the Fund Manager or if it is under control.**

On the registration date of this Registration Document, the title to the shares of the Fund Manager is distributed among the companies listed below, indicating the shareholding that corresponds to each one:

<b>Name of the shareholding company</b>	<b>%</b>
CaixaHolding, S.A.	85%
VidaCaixa, S.A. de Seguros y Reaseguros	9%
Caixa Barcelona Seguros Vida, S.A., Seguros y Reaseguros	6%

The abovementioned companies are all controlled by Caixa d'Estalvis i Pensions de Barcelona.

Caixa d'Estalvis i Pensions de Barcelona holds an indirect share (from which control is held) of 96.4% of the share capital of GestiCaixa, S.G.F.T, S.A.

**8. FINANCIAL INFORMATION PERTAINING TO THE ASSETS AND RESPONSIBILITIES OF THE ISSUER, THE FINANCIAL POSITION AND PROFITS AND LOSSES**

**8.1 Declaration about the start of operations and financial statements of the issuer prior to the date of the Registration Document.**

Pursuant to the provisions of section 4.4.2 of this Registration Document, the activity of the Fund will start on the execution date of the Deed of Formation, wherefore no financial statement has been made on the date of this Registration Document.

**8.2 Historical financial information when an issuer may have initiated operations and financial statements have been made.**

Not applicable.

**8.2. bis Historical financial information for issues of securities with an individual denomination that is equal to or greater than 50,000 euros.**

Not applicable.

**8.3 Court and arbitration proceedings.**

Not applicable.

**8.4 Considerable adverse change in the financial position of the issuer.**

Not applicable.

## **9. INFORMATION FROM THIRD PARTIES, DECLARATIONS BY EXPERTS AND DECLARATIONS OF INTEREST**

### **9.1 Declaration or report attributed to a person in the capacity of an expert.**

No declaration and no report are included.

### **9.2 Information coming from third parties.**

No information is included.

## **10. DOCUMENTS FOR CONSULTATION**

### **10.1 Documents for consultation.**

If necessary, the following documents or copies of them can be inspected during the validity period of this Registration Document.

- a) The Fund Formation Deed;
- b) The certifications of corporate resolutions of the Fund Manager and of the Assignor;
- c) This Prospectus;
- d) The contracts to be signed by the Fund Manager on behalf of and representing the Fund;
- e) The audit report on certain characteristics and attributes of a sample of the set of Loans selected for their assignment to the Fund;
- f) The letters of the Ratings Agencies thereby notifying the ratings assigned to each one of the Series of the Bond Issue;



- g) The letters of declaration of the Management Entities of the Bond Issue;
- h) The letter of declaration of the Assignor of the Loans;
- i) The annual accounts of the Fund Manager and the corresponding audit reports; and
- j) The by-laws and deed of incorporation of the Fund Manager.

The said documents can be physically consulted at the registered address of GESTICAIXA, SGFT, S.A. in Barcelona at Avenida Diagonal 621.

Likewise, the Prospectus can also be consulted at the web page of GESTICAIXA, SGFT, S.A. at [www.gesticaixa.com](http://www.gesticaixa.com) and the web page of AIAF [www.aiaf.es](http://www.aiaf.es). It is also available to investors interested in the offer through the Underwriting and Brokerage Entities.

Moreover, the documents stated in letters a) through g) can be consulted at the CNMV.

The Fund Formation Deed can be physically consulted at the registered address of Iberclear in Madrid at calle Pedro Teixeira, 8.

## **PROSPECTUS SCHEDULE**

**(Appendix XIII of EC Regulation number 809/2004 of the Commission)**

## 1. RESPONSIBLE PERSONS

### 1.1 Persons responsible for the information included in the Prospectus Schedule.

- 1.1.1 Mr. Xavier Jaumandreu Patxot, acting on behalf of and representing GESTICAIXA, SGFT, S.A., (hereinafter, the "*Fund Manager*" or "*Gesticaixa*"), assumes the responsibility for the content of this prospectus schedule (hereinafter, the "*Prospectus Schedule*"), including its Supplemental Addendum.

Mr Xavier Jaumandreu Patxot acts in his capacity as director general of the Fund manager by virtue of the faculties conferred by the board at its meeting on 29 June 2001. He furthermore acts for the formation of the Fund by virtue of express powers awarded to him by the board at its meeting on 11 October 2005.

- 1.1.4 Mr. Rafael García Nauffal, duly authorised for this purpose, acts on behalf of and representing Banco de Sabadell, S.A., in its capacity as the management entity (hereinafter, the "*Management Entity*") of the securitisation bonds issued by GC FTPYME SABADELL 4, FONDO DE TITULIZACIÓN DE ACTIVOS (hereinafter, the "*Fund*"), by virtue of the resolution of the Board of directors of Banco Sabadell, S.A. on 29 September 2005, in compliance with the provisions in Article 28.1, paragraph three of the Securities Market Act; in compliance with number 2 of Article 31 of Royal Decree 291/1992, of 27 March, on issues and public offers of the sale of securities, in the publication amended by Royal Decree 2590/1998, of 7 December; and in accordance with the provisions in number 3 of Article 20 of said Royal Decree 291/1992.

- 1.1.5 Mr. Arturo Alonso Pérez and Mr. Fernando García Buitrago, duly authorised for this purpose, act on behalf of and representing Société Generale, the branch office in Spain, in the capacity of the Management Entity of the securitisation bonds issued by GC FTPYME SABADELL 4, FONDO DE TITULIZACIÓN DE ACTIVOS, in compliance with the provisions in Article 28.1, paragraph three of the Securities Market Act; in compliance with number 2 of Article 31 of Royal Decree 291/1992, of 27 March, on issues and public offers of sale of securities, in the version amended by Royal Decree 2590/1998, of 7 December; and in accordance

with the provisions in number 3 of Article 20 of said Royal Decree 291/1992.

**1.2 Declaration of the persons responsible for the content of the Prospectus Schedule.**

1.2.1 **Mr.** Xavier Jaumandreu Patxot hereby declares that the information contained in this Prospectus Schedule and its Supplemental Addendum is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect the content.

1.2.2 Mr. Rafael García Nauffal declared the following, dated 17 October 2005:

- That the necessary verifications for checking the veracity and integrity of the information contained in the Prospectus have been conducted.

- That, as a consequence of these verifications, there is no indication of circumstances that might contradict or alter the information included in the Prospectus Schedule and its Supplemental Addendum, and they do not omit significant facts or data that could be relevant to investors.

- That the aforementioned does not extend to or refer to the data that were the object of the report by the account auditors included in the Prospectus Schedule and its Supplemental Addendum regarding the selected loans.

1.2.3 Mr. Arturo Alonso Pérez and Mr. Fernando García Buitrago declared the following, dated 17 October 2005:

- That the necessary verifications for checking the veracity and comprehensiveness of the information contained in the Prospectus Schedule and its Supplemental Addendum have been conducted.

- That, as a consequence of these verifications, there is no indication of circumstances that might contradict or alter the information included in the Prospectus Schedule and its Supplemental Addendum, and they do not omit significant facts or data that could be relevant to investors.

- That the aforementioned does not extend to or refer to the data that were the object of the report by the account auditors included in the Prospectus Schedule and its Supplemental Addendum regarding the selected loans.

## **2. RISK FACTORS**

The risk factors related to the securities are described in section II on the Risk Factors of this Prospectus.

- 2.1.** The risk factors related to the securities are described in section II (“Risk Factors”) of this Prospectus.

The risk factors related to the assets that endorse the issue are described in section II on the Risk Factors of this Prospectus.

## **3 BASIC INFORMATION**

### **3.1 Interest of the natural persons and legal bodies participating in the offer.**

The identity of the legal entities participating in the offer and the direct or indirect participation or control between them are detailed in section 5.2 of the Registration Document. The interest of the stated entities to the extent that they are participants in the Bond Issue is the following:

- a) GESTICAIXA is the Fund Manager.
- b) BANCO SABADELL, S.A., and GESTICAIXA SGFT, S.A., have designed and structured the operation.
- c) BANCO SABADELL, S.A., is the Assignor of the Loans that are pooled into the Fund.
- d) SOCIÉTÉ GENERALE, the branch office in Spain, and BANCO SABADELL, S.A., take part as Management Entities of the placement of the Bond Issue.
- e) SOCIÉTÉ GENERALE, the branch office in Spain, and BANCO SABADELL, S.A., take part as Underwriting Entities of the Bond Issue.
- f) BANCO SABADELL S.A., participates as Payment Agent and Depository of the bond issue.

g) CUATRECASAS ABOGADOS take part as the legal advisor of the Bond Issue.

b) ERNST & YOUNG take part as the auditor of the Fund's Assets.

i) MOODY'S and FITCH take part as the Ratings Agencies.

Caixa d'Estalvis i Pensions de Barcelona, through Caixa Holding, S.A. holds an indirect share (from which control is held) of 96.4% of the share capital of GestiCaixa, S.G.F.T, S.A.

Likewise, Caixa d'Estalvis i Pensions de Barcelona, through Caixa Holding, S.A., has an indirect share of 14.3% of the share capital of Banco de Sabadell, S.A.

The Fund Manager is unaware of the existence of any other link or significant financial interest between the said entities that are participating in the Bond Issue, except for the strictly professional link derived from their participation as detailed in this section and in section 5.2 of the Registration Document.

**Purpose of the operation.**

The amount of the bond issue (hereinafter, the "*Bonds*") is wholly assigned to subscription of the Loans pooled into the Fund.

**4 INFORMATION PERTAINING TO THE SECURITIES THAT ARE GOING TO BE OFFERED AND ADMITTED TO TRADING**

**4.1 Total amount of the securities.**

The total amount of the Securitisation Bond issue (hereinafter, the "*Issue*") will amount to seven hundred fifty million (750,000,000) euros, represented by seven thousand five hundred (7500) bonds with a face value of one hundred thousand (100,000) euros each. The Bonds will be distributed in 3 classes (hereinafter, the "*Classes*", and individually, a "*Class*").

- **Class A**, made up of two series (hereinafter, "*Series*") of Bonds:

- Series A(S): five thousand four hundred ninety-four (5494) bonds, for a total amount of five hundred forty-nine million four hundred thousand (549,400,000) euros.
  - Series A(G): one thousand six hundred twenty-three (1623) Bonds, for a total amount of one hundred sixty-two million three hundred thousand (162,300,000) euros.
- **Class B:** made up of a single Series of two hundred forty (240) bonds, for a total amount of twenty-four million (24,000,000) euros.
  - **Class C:** made up of a single Series of one hundred forty-three (143) bonds, for a total amount of fourteen million three hundred thousand (14,300,000) euros.

Any mention in this Prospectus to Classes B and C is equivalent to Series B and C.

Ownership or subscription of one of the Classes or Series does not imply ownership or subscription of the Bonds of the other Classes or Series.

The Bonds will be issued by virtue of Royal Decree 926/1998, wherefore they are legally considered uniform, standardised and fixed-income securities. They can therefore be traded on organised securities markets.

#### **Underwriting of the placement of the Issue.**

The underwriting of the placement of the Bond Issue and the Management of the same will be performed by Banco de Sabadell, S.A. and SOCIÉTÉ GENERALE, branch office in Spain (hereinafter, the "*Management and/or Underwriting Entities*"), pursuant to the Management, Underwriting and Placement Contract of the Bond Issue that the Fund Manager will enter into on behalf of the Fund, whereby the underwriting entities will agree to subscribe to or obtain, under their responsibility, subscribers for the Bonds, for the amounts stated in section 4.1, and each one is liable for their respective underwritten amount.

ENTITY	SERIES A(S)		SERIES A(G)	
	Num.	AMOUNT	Num.	AMOUNT
Société Générale, Branch Office in Spain	3000	300,000,000	1623	162,300,000
Banco de Sabadell, SA	2494	249,400,000	-----	-----
<b>TOTAL</b>	<b>5494</b>	<b>549,400,000</b>	<b>1623</b>	<b>162,300,000</b>

ENTITY	SERIES B		SERIES C	
	Num.	AMOUNT	Num.	AMOUNT
Société Générale, Branch Office in Spain	-----	-----	-----	-----
Banco de Sabadell, SA	240	24,000,000	143	14,300,000
<b>TOTAL</b>	<b>240</b>	<b>24,000,000</b>	<b>143</b>	<b>14,300,000</b>

The aforementioned notwithstanding, after the Fund Formation Date and prior to the start of the Subscription Period, Société Generale, Branch Office in Spain, and Banco de Sabadell, S.A., as the Managing Entities, may commonly agree to assign part of their respective and aforementioned underwriting commitment to new underwriting entities. In this event, they shall inform the Fund Manager, which will proceed to modify the amounts of the commitments previously acquired by the Managing Entities and Underwriters and Brokers listed in the previous table. The new underwriting entities shall become Underwriting and Brokerage Entities with the same rights and duties as the previously existing ones by express and full adherence without any reservation or condition to all of the terms and conditions of the Management, Underwriting and Brokerage Contract of the Bond Issue. The incorporation of new underwriting entities may not give rise to any cost increase for the Fund, or modify the rights and duties that are derived for the Fund from this Prospectus and from the Deed of Formation of the same and from the rest of the contracts that affect it, in particular the Management, Underwriting and Brokerage Contract of the Bond Issue. In any event, the inclusion of new underwriting entities, as well as the distribution of the amounts of the respective underwriting commitments shall be communicated to the CNMV in order to make it available to the public, thereby modifying the amounts of the respective underwriting commitments shown in the preceding table. Banco de Sabadell, S.A., shall inform the Fund Manager of the modifications of the distribution in the preceding underwriting table in accordance with the Management, Underwriting and Brokerage Contract.

The Underwriting and Brokerage Entities shall assume the obligations contained in the Management and Underwriting Contract and which are basically the following:

- Each Management, Underwriting and Brokerage Entity agrees to subscribe in its own name, at the end of the subscription period, the amount of Bonds necessary to complete the amount of its respective underwriting commitment, which had not been subscribed during the subscription period.



- Each of the Management, Underwriting and Brokerage Entities shall deposit into the Treasury Account the payment made by the investors for the face value of the Bonds of Series A(S), Series A(G), Series B and Series C that had been subscribed, as well as face value of the Bonds effectively subscribed by the Entities, as applicable to them by virtue of the provisions in the said Contract, and that had been subscribed by their mediation, wherefore each Management, Underwriting and Brokerage Entity shall pay into the Fund in the Treasury Account the amount of the Bond subscription brokered by the same, on 26 October 2005, with the same value date, before 10:15 AM (CET time) in the manner set forth in the said Contract.
- The Management, Underwriting and Brokerage Entities are bound to abstain from any activity that could be interpreted as directed to promote subscription or purchase offers of the Bonds in any country or jurisdiction other than Spain or with respect to nationals or residents in any country where the said promotion, offer, brokerage, mediation or sale activities may be prohibited or limited without complying with the requirements that may be established in applicable local legislation.

The Bond placement will take place during the Subscription Period. This placement, and the allocation that is underwritten by each underwriter by virtue of the Subscription and Underwriting Agreement of the Placement, will be unrestricted and made at the discretion of the underwriter, thereby ensuring in every instance that no discriminatory treatment occurs between requests that have similar characteristics. Nevertheless, the Underwriting and Brokerage Entities may give priority to the requests from their clients that they deem appropriate.

The lack of confirmation before the start of the Subscription Period of the provisional ratings given to the Bonds by the Ratings Agencies and the occurrence of any event of force majeure, pursuant to Article 1105 of the Civil Code, prior to the start of the Subscription Period shall constitute events of termination of the Management and Underwriting Contract, of the formation of the Fund and of the Bond Issue.

The disbursement of the subscription commitments assumed by each Underwriter shall be made on 26 October 2005 at a time no later than 10:15 AM, Madrid time, on the Disbursement Date, by means of a payment by each Underwriter of their corresponding amount in the account opened on behalf of the Fund at the Payment Agent, effective on that same day.

In consideration for the commitment assumed by the underwriters, they shall receive an underwriting and placement commission (hereinafter, the *"Underwriting Commission"*) , which is included in the initial expenses of the Fund. Each one of the Bond Underwriting Entities shall receive the commissions that are included for each Bond in the following table, which can be applied to the face value underwritten by the entity, all by virtue of the Underwriting Agreement:

<b>Class</b>	<b>Underwriting Commission</b>
A(S) Bonds	0.02%
A(G) Bonds	0.02%
B Bonds	0.02%
C Bonds	0.02%

Banco de Sabadell, S.A. and Societé Generale, the Branch Office in Spain, shall take part as Management Entities. These shall not receive any remuneration for the management of the Bond Issue.

#### **4.2 Description of the type and class of securities.**

The Bonds have the juridical nature of negotiable fixed-income securities with explicit return, and they are subject to the regime established by the Securities Market Law and applicable regulations.

#### **4.3 Legislation according to which the securities are created.**

"GC FTPYME SABADELL 4, Fondo de Titulización de Activos" is formed by virtue of the provisions in Ministerial Order 28 of December 2001 and in its amendment of 29 April 2003 on Agreements for the Promotion of Asset Securitisation Funds in order to favour business financing. The GC FTPYME SABADELL 4 Fund shall be subject to Spanish Law, and specifically to (i) Royal Decree 926/1998 and its secondary legislation; (ii) Royal Decree 291/1992, on Issues and Public Offers of Sale of Securities; (iii) Act 19/1992, of 7 July, on the Regime of Property Investment Funds and Companies and on Mortgage Securitisation Funds, where Royal Decree 926/1998 may be silent, and to the extent that it may be applicable; (iv) the Order of 28 December 2001; (v) Act 24/1998, of 28 July, on the Securities Market, its current draft as regards its supervision, inspection and sanction; and (vi) all other legal and regulatory provisions in force that may be applicable at any time.

This Prospectus Schedule has been prepared following the models provided for in EC Regulation number 809/2004 of the Commission, of 29 April 2004 (hereinafter, "*Regulation 809/2004*"), pertaining to Directive 2003/71/EC of the European Parliament and of the Council as regards the information contained in prospectuses, as well as the formation, incorporation by reference and publication of said prospectuses and advertising.

#### **4.4 Indication if the securities are nominal or bearer and if they are in the form of certificates or book entries.**

The Bonds shall be represented by book entries, pursuant to the provisions in Article 926 of Royal Decree 926/1998, and they shall be constituted as such by virtue of being recorded in the corresponding accounting registry and they shall be in bearer form. The Deed of Formation shall give rise to the effects provided for in Article 6 of Act 24/1998, of 28 July, on the Securities Market.

The Bondholders shall be identified as such (on their own behalf or by third parties) in accordance with the accounting register maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. IBERCLEAR, with its registered address in Madrid, calle Pedro Texeira, n° 8, (hereinafter, "*IBERCLEAR*"), which shall be designated as the entity in charge of the accounting registry of the Bonds in the Fund Formation Deed such that it compensates and liquidates the Bonds in accordance with the operating results pertaining to securities admitted to trading on the AIAF Fixed-Rate Market (hereinafter, the "*AIAF Market*"), and represented by book entries that it may have or that may be approved in the future by IBERCLEAR.

#### **4.5 Currency of the issue.**

The securities shall be denominated in euros.

#### **4.6 Classification of the securities according to subordination.**

The Bonds of Series B shall be ranked behind the Payment of Interest and Repayment of the Principal with respect to the Bonds of Class A, pursuant to the payment priority order of the Fund (hereinafter, the "*Payment Priority Order*") described in section 3.4.6 of the Supplemental Addendum.

The Bonds of Series C shall be ranked behind the Payment of Interest and Repayment of the Principal with respect to the Bonds of Class A and the Bonds of Class B, pursuant to the Payment Priority Order of the Fund described in section 3.4.6 of the Supplemental Addendum.

**4.6.1. Simple statement regarding the order number that the payment of interest of the Bonds holds in the Payment Priority Order of the Fund.**

The payment of the interest accrued by the Series A(S) and A(G) bonds holds the third and fourth place (3 and 4) when applying the Available Funds (hereinafter, the "*Available Funds*") of the Payment Priority Order established in section 3.4.6 of the Supplemental Addendum, and fourth and fifth place (4 and 5) when applying the available settlement funds (hereinafter, the "*Available Settlement Funds*") of the Settlement Payment Priority Order established in the same section.

The payment of interest accrued by the Bonds of Series B holds fifth (5) place in the application of the Available Funds of the Payment Priority Order established in the said section 3.4.6 of the Supplemental Addendum.

The payment of the interest accrued by the Series C Bonds holds sixth place (6) when applying the Available Funds of the Payment Priority Order established in the said section 3.4.6 of the Supplemental Addendum, except in the event of the situation provided for in the same section for their down-ranking, in which case, it shall hold the ninth place (9) and the eleventh place (11) when applying the Available Settlement Funds of the Settlement Payment Priority Order established in the same section.

**4.6.2. Simple statement regarding the order number that the payment of the principal of the Bonds holds in the Payment Priority Order of the Fund.**

The retention of the Amount Available for Amortising the Bonds of Classes A, B and C, as a whole and without distinguishing between Classes, holds the seventh place (7) when applying the Available Funds of the Payment Priority Order established in the said section 3.4.6 of the Supplemental Addendum.

The amortisation of the principal of the Series A(S) Bonds holds the sixth and eighth place (6 and 8) in the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum.

The amortisation of the principal of the Bonds of Series A(G) holds the seventh and eighth place (7 and 8) in the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum, unless the pro-rated application rule of Class A may be applicable, which is described in section 4.9.4 of this Prospectus Schedule, in which case it shall hold the sixth and eighth place (6 and 8) in the Settlement Payment Priority Order.

The amortisation of the principal of the Series B Bonds holds the tenth place (10) in the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum.

The amortisation of the principal of the Series C Bonds holds the twelfth place (12) in the Settlement Payment Priority Order established in section 3.4.6 of the Supplemental Addendum.

#### **4.7 Description of the rights linked to the securities.**

Pursuant to legislation in force, the Bonds, object of this Prospectus Schedule, shall, for the investor who may acquire them, have no present and/or future policy right over GC FTPYME SABADELL 4, F.T.A.

The economic and financial rights of the investor associated with the acquisition and holding of the Bonds shall be derived from the conditions of interest rate, yields and amortisation prices according to which they may be issued and which may be included in the following sections 4.8 and 4.9.

In the event of the default of any amount due to the Bondholders, they may only make a claim before the Fund Manager and only when the latter may have breached the duties that are incumbent upon it and included in the Deed of Formation and in this Prospectus. The Fund Manager is the only authorised representative of the Fund before third parties and in any legal proceeding in accordance with applicable legislation.

The duties of the Assignor and of all other entities that in one way or another may participate in the operation are limited to those that are included in the corresponding contracts pertaining to the GC FTPYME SABADELL 4, FTA Fund,

the relevant ones of which are described in this Prospectus and in the Deed of Formation.

Any question, discrepancy or disagreement pertaining to the Fund or to the Bonds that are issued against the same and which may arise during its operational lifetime or its settlement, whether among the Bondholders themselves or between the Bondholders and the Fund Manager, shall be submitted to Spanish courts, and the parties hereby expressly waive any other jurisdiction to which they may have a right.

#### **4.8 Nominal interest rate and provisions pertaining to the payment of interest.**

##### **4.8.1 Date when interest becomes payable and the interest due dates.**

###### **4.8.1.1. Nominal interest.**

All Bonds issued shall accrue, as from the Disbursement Date until the final maturity of the same, an annual nominal interest rate, variable by quarter, and with the quarterly payment calculated as stated below. This interest shall be paid by completed quarters on each Payment Date on the Outstanding Balance of Principal of the Bonds of each series on the immediately preceding Determination Date.

The interest on the Bonds shall be paid, in relation to the rest of the Fund payments, in accordance with the Payment Priority Order described in section 3.4.6 of the Supplemental Addendum. For the purpose of the accrual of the interest of all Classes, the Bond issue shall be understood as divided into interest accrual periods (hereinafter, the "*Interest Accrual Periods*"), the duration of which shall be the duration existing between two Payment Dates (including the initial payment date and excluding the final date). The first Interest Accrual Period shall begin on the Disbursement Date, inclusive, and end on the first Payment Date, 21 December 2005, exclusive.

###### **4.8.1.2. Nominal Interest Rate.**

The nominal interest rate that each Series of Bonds will accrue during each Interest Accrual Period shall be the annual interest rate resulting from the sum of: (i) the interest rate of reference (hereinafter, the "*Interest rate of reference*"), which is determined as set forth below and which is common to all the Series of

Bonds and rounded to the nearest whole ten-thousandth, thereby taking into account that, in the event that the closeness for rounding up or down is identical, such rounding will be made up, plus (ii) the margin applicable to each Series of Bonds, as indicated below.

#### **4.8.1.3. Interest rate of reference.**

The Interest rate of reference for determining the interest rate applicable to the Bonds of all the Series shall be, except for the first Interest Accrual Period, the three-month (3) *Interbank Offered Rate* (hereinafter, the “*EURIBOR*”) for the euro or, if it must be replaced, determined as set forth below.

Exceptionally, the Interest rate of reference of the Bonds of each one of the Series for the first Interest Accrual Period shall be determined by taking the EURIBOR rate at a two-months maturity, established at 11:00 AM (CET time) of the second (2) business day immediately before the Disbursement Date.

#### **4.8.1.4. Fixing of the Interest rate of reference of the Bonds.**

The EURIBOR shall be fixed in accordance with the rules described in this section.

On each one of the fixing dates of the Interest rate of reference (hereinafter, the “*Fixing Dates*”, and individually, a “*Fixing Date*”), the Fund Manager shall fix the Interest rate of reference, which shall be equal to the EURIBOR, hereby understood as the following:

- (i) The three-month EURIBOR rate (except for the first Interest Accrual Period, when the two-month (2) EURIBOR rate shall be taken) that results from the REUTERS screen, EURIBOR01 page at 11:00 AM (CET time) on the Fixing Date. The “REUTERS screen, EURIBOR01 page” is the screen that reflects the content of the “EURIBOR01” page on the REUTERS MONITOR MONEY RATES SERVICE (or any other page that may replace it in this service).
- (ii) In the absence of rates in accordance with the provisions in the preceding section (i), it shall be in accordance with the three-month EURIBOR rate (except for the first Interest Accrual Period, when the two-month (2) EURIBOR shall be used that results from the “TELERATE” screen (TELERATE SPAIN, S.A.), on page 248 (or any other page that may replace it in this service) at 11:00 AM (CET time) on the Fixing Date.

(iii) In the absence of rates in accordance with the provisions of the preceding numbers (i) and (ii), the Replacement Interest rate of reference shall be the interest rate that results from the simple average of the inter-bank interest rates for non-transferable deposit operations in euros with three-month's maturity and by the equivalent amount of the Pending Face Value of the Bonds offered on the Fixing Date by the entities indicated below, after and close to 11:00 AM, and this interest rate shall be requested simultaneously from these entities:

- i. Banco Santander Central Hispano
- ii. Banco Bilbao Vizcaya Argentaria (BBVA)
- iii. Deutsche Bank
- iv. Confederación Española de Cajas de Ahorros

The reference city shall be the city of Madrid.

In the event that any of the said entities did not provide a quotation declaration, it shall be the rate that results from applying the simple arithmetic average of the rates declared by at least two of the remaining entities.

(iv) In the absence of rates in accordance with the provisions set forth in sections (i), (ii) and (iii), the Interest rate of reference of the immediately preceding Interest Accrual Period shall be applicable, and thus successively for as long as such a situation may exist.

The Fund Manager shall keep the printouts of the contents of the REUTERS or TELERATE screens or, if applicable, of the quotation declarations of the banking entities stated in the preceding Section (iii) as supporting documents of the determined EURIBOR Interest Rate.

#### **4.8.1.5. Fixing Date of the Interest rate of reference and of the Interest Rate of the Bonds.**

The Fixing Date of the Interest rate of reference for each Interest Accrual Period shall be the second Business Day prior to the Payment Date that sets the start of the corresponding Interest Accrual Period. For the first Interest Accrual Period, the Interest rate of reference shall be fixed on the second Business Day prior to the Disbursement Date.



Once the Interest rate of reference of the Bonds has been fixed, on the same Fixing Date the Fund Manager shall calculate and fix, for each of the Series of Bonds, the interest rate applicable to the following Interest Accrual Period.

The resulting interest rate shall be announced by the Fund Manager using the channels generally accepted by the market that guarantee adequate publication of the information in time and content.

**4.8.1.6. Margin to be applied to the Interest rate of reference for each Series of Bonds:**

The margins that will be applied to the Interest rate of reference determined as specified above, for calculating the interest rate that the Bonds of each of the Series will acquire in each Interest Accrual Period, shall be determined pursuant to the following ranges:

- Series A(S): margin encompassed between 0.05% and 0.15%, both inclusive.
- Series A(G): margin encompassed between -0.05% and 0.05%, both inclusive.
- Series B: margin encompassed between 0.35% and 0.45%, both inclusive.
- Series C: margin encompassed between 0.70% and 0.80%, both inclusive.

The margin applicable to each one of the A(S), A(G), B and C Series, expressed as a percentage, shall be determined by common agreement by all the Management Entities before 9:00 AM (CET time) on the Interest Rate Fixing date prior to the start of the Subscription Period and shall subsequently be communicated to the Fund Manager.

In the absence of an agreement, the Fund Manager shall set the specific margin on those for which there were no agreement, using the following margins:

- Series A(G): margin of 0.00%.
- Series A(S): margin of 0.10%.
- Series B: margin of 0.40%.
- Series C: margin of 0.75%.

The definitive margins applicable to each one of the series that had been set by the Fund Manager, shall be notified to the Management Entities and to the Underwriting and Brokerage Entities prior 10:00 AM on the start date of the

Subscription Period so that they can inform investors who may be interested in subscribing to the Bonds.

The Nominal Interest Rate applicable to the Bonds of each Series for the first Interest Accrual Period shall be made public before the Disbursement Date by means of the announcement provided for in section 4 of the Supplemental Addendum and by means of a communiqué to the CNMV by the Fund Manager. The final applicable margin shall be recorded in the Notarised Certificate of Disbursement.

#### **4.8.1.7. Formula for calculating the interest of the Bonds:**

The interest accrued by the Bonds of all the Series during each Interest Accrual Period shall be calculated by the Fund Manager according to the following formula:

$$I = N * r * \frac{n}{360}$$

Where:

$N$  = Outstanding Balance of Principal of the Bond at the start of the Interest Accrual Period.

$I$  = The total amount of interest accrued by the Bond in the Interest Accrual Period.

$r$  = The annual interest rate of the Bond expressed as a percentage value, calculated as the sum of the EURIBOR Reference Rate of the corresponding Interest Accrual Period plus the established differential.

$n$  = The number of days in the Interest Accrual Period.

In the event that, pursuant to the Payment Priority Order established in section 3.4.6 of the Supplemental Addendum, the Available Funds of the Fund were insufficient for paying the interest to the holders of the A(G) Bonds that should be received on a Payment Date, pursuant to the provisions in this section, the Fund Manager shall request that the General Directorate for Financial Policy and the Treasury credit the Treasury Account of the Fund with the amount that may be necessary for paying the interest of the A(G) Bonds, thereby charging the Warrantee referenced in section 3.4.7.2. of the Supplemental Addendum.

#### **4.8.2 Dates, places, entities and procedure for payment of the coupons.**

The interest of the Bonds, regardless of the Class to which they may pertain, shall be payable by completed quarters on 21 March, June, September and December of each year until the final maturity date of the Bonds. In the event that any of the said days were not a Business Day, the interest corresponding to the quarter shall be payable on the next Business Day. The first Payment Date shall be 21 December 2005.

If on a Payment Date, and in spite of the mechanisms set forth for the protection of the rights of the Bondholders, the Available Funds of the Fund are not sufficient to meet the interest payment obligations of the Fund in accordance with the provisions set forth in section 3.4.6 of the Supplemental Addendum, the amount available for making the interest payment shall be distributed in accordance with the Payment Priority Order set forth in said section. In the event that the Available Funds are only sufficient for partially meeting the obligations that have the same priority order, independently for each one of them, the amount available shall be divided proportionally between the affected Bonds and proportionally to the Outstanding Balance of Principal (hereinafter, the "*Outstanding Balance of Principal*"), and the amounts that the Bondholders had not received shall be considered pending payment and be paid on the next Payment Date that it may be possible, without thereby accruing additional interest. The payments pending to the Bondholders shall be made effective on the next Payment Date, if there are Available Funds to do so, with priority immediately before the payments to the Bondholders of that same Series corresponding to the said period, except for (i) payment of the interest of the Bonds of Series A(S) and A(G), due and unpaid on previous Payment Dates, given that they appear explicitly in the Payment Priority Order established in section 3.4.6 of the Supplemental Addendum and (ii) the provisions in section 3.4.7 of the Supplemental Addendum for payment of the interest of the endorsed Series A(G). The Fund, through the Fund Manager, may not defer the payment of Interest or Principal of the Bonds after the Legal Maturity Date, meaning 30 April 2038, or the next Business Day.

The Payment Priority Order is included in section 3.4.6 of the Supplemental Addendum.

All withholdings, payments and taxes that are established or that may be established in the future on the principal, interest or returns of these Bonds shall be payable exclusively by the Bondholders, and the amount thereof shall be

deducted, if applicable, by the corresponding entity in the legally established manner.

Payment shall be made through the Payment Agent, thereby using IBERCLEAR and its participating entities for the distribution of the amounts.

#### 4.8.3. Description of the Underlying and Historical Information

##### Evolution of the EURIBOR interest rates in recent months:

For merely informative purposes, data are given below on the 3-month EURIBOR rates appearing on the Reuters screen, EURIBOR01 page, on the indicated dates, as well as the applicable Nominal Interest Rate that would have resulted for each one of the Bond Series in the event that the applicable margins were the mean margins of the range established for each Series in accordance with section 4.8.1.6 of this Prospectus Schedule (0.10% for Series A(S), 0.00% for Series A(G), 0.40% for Series B and 0.75% for Series C):

Formation	3-M EURIBOR	A(G) Bonds	A(S) Bonds	B Bonds	C Bonds
12/09/2002	3.315%	3.415%	3.315%	3.715%	4.065%
12/12/2002	2.930%	3.030%	2.930%	3.330%	3.680%
13/03/2003	2.545%	2.645%	2.545%	2.945%	3.295%
12/06/2003	2.124%	2.224%	2.124%	2.524%	2.874%
09/09/2003	2.153%	2.253%	2.153%	2.553%	2.903%
11/12/2003	2.150%	2.250%	2.150%	2.550%	2.900%
11/03/2004	2.058%	2.158%	2.058%	2.458%	2.808%
11/06/2004	2.112%	2.212%	2.112%	2.512%	2.862%
13/09/2004	2.116%	2.216%	2.116%	2.516%	2.866%
13/12/2004	2.174%	2.274%	2.174%	2.574%	2.924%
11/03/2005	2.135%	2.235%	2.135%	2.535%	2.885%
13/06/2005	2.111%	2.211%	2.111%	2.511%	2.861%
13/09/2005	2.136%	2.236%	2.136%	2.536%	2.886%
30/09/2005	2.176%	2.276%	2.176%	2.576%	2.926%

In the event that the payment day of a periodic coupon were not a Business Day for the purposes of the calendar, payment shall be transferred to the immediately following business day. For these purposes and for the lifetime of the Bonds, Business Days shall be deemed to be all those that are not:

- Saturday,
- Sunday,
- A holiday in Madrid,
- A holiday in Barcelona and
- A non-business day of the TARGET calendar

#### **4.8.4. Calculation Agent**

The Calculation Agent shall be the Fund Manager.

#### **4.9 Maturity date and amortisation of the securities.**

##### **4.9.1. Redemption price of the Bonds.**

The redemption price for the Bonds of each Series shall be one hundred thousand (100,000) euros per Bond, equivalent to their face value, free of expenses and taxes for the Bondholder, payable progressively on each principal Payment Date, as set forth in the following sections.

Each and every one of the Bonds of the same Series shall be amortised in equal amounts by means of reducing the face value of each one of them.

##### **4.9.2. Maturity of the issued Bonds.**

The final maturity of the Bonds of all the Series shall occur on the Date when they may be fully amortised or on the Legal Maturity Date of the Fund, meaning on 30 April 2038 or the next Business Day, without prejudice to the fact that the Manger, pursuant to section 4.4.3 of the Registration Document, may proceed to amortise the Bond Issue prior to the Legal Maturity Date of the Fund.

The last regular amortisation date of the Loans pooled into the secured portfolio is 30 April 2035.

The Bonds shall be amortised on each payment date (hereinafter, the "*Payment Date*"), meaning on 21 March, June, September and December of each year (or, in the event that they are not Business Days, on the next Business Day), in accordance with the provisions herein set forth and subject to the Payment Priority Order included in section 3.4.6 of the Supplemental Addendum.

**4.9.3. Characteristics common to the amortisation of the Bonds of all the Classes.**

**Net Outstanding Balance of Principal.**

The net outstanding balance of principal (hereinafter, the "*Net Outstanding Balance of Principal*") of the Bonds of a Series on a Payment Date shall be understood as the outstanding nominal balance (hereinafter, the "*Outstanding Nominal Balance*") of the said Series of Bonds before the amortisation corresponding to said Payment Date, decreased by the amount accrued on the previous Payment Dates and deposited in the Amortisation Account under the concept of amortisation of the Bonds of the Series in question.

Combined, the Net Outstanding Balance of Principal of the Bonds shall be the sum of the Net Outstanding Balance of Principal of each one of the Series that make up the Bond Issue.

**Outstanding Balance of the Loans.**

The outstanding balance of the loans (hereinafter, the "*Outstanding Balance of the Loans*") on a determined date shall be the sum of the pending capital or principal of the specific loan on that date and the capital or principal pending and not deposited into the Fund.

The outstanding balance of the non-defaulted loans (hereinafter, the "*Outstanding Balance of the Non-defaulted Loans*") on a determined date shall be the sum of the pending capital or principal and the capital or principal due and not deposited into the Fund of each one of the Non-defaulted Loans on a determined date.

Defaulted Amounts are amounts of principal that are due and unpaid, plus the outstanding balance of those assets pending amortisation in which:

- The Debtor may have been declared to be in a situation of insolvency, or
- The Fund Manager considers, according to the information provided by the lender, that there are no reasonable expectations of recovering the same; or in any event when
- Non-payment lasts for an uninterrupted period of twelve (12) months.

Defaulted loans (hereinafter, "*Defaulted Loans*") shall be considered to be those for which (a) the Debtor may have been declared to be in a situation of insolvency, (b) they are unpaid on a date for a period of greater than twelve (12) months of delay in the payment of the overdue amounts or (c) they may be classified as in default by the Fund Manager because there is reasonable doubt about their full repayment.

**Accumulation of Principal.**

On any Payment Date prior to 21 June 2007 (not inclusive), the Amounts Available for Amortisation shall be deposited in the Amortisation Account. The Fund Manager shall maintain a record that reflects the amount thus accumulated in relation to each of the Series, A(S) and A(G), and B and C.

On the Payment Date of 21 June 2007, the Fund Manager shall make payment to the Bondholders of Classes A, B, and C (not subject to the Payment Priority Order) of the funds thus accumulated according to the amounts maintained in the registry.

**Amount Available for Amortisation and Amortisation Deficit.**

On each Payment Date, charged to the Available Funds and in the seventh place (7) in the Payment Priority Order, the amount allocated to the amortisation of the Bonds of Classes A, B, and C shall be retained, in its entirety and without distinction between Classes (hereinafter, the "*Amount Available for Amortising*") in an amount equal to the lesser of the following amounts:

(a) The positive difference on that Payment Date between (A) the sum of (i) the Net Outstanding Balance of Principal of the Bonds of Classes A, B and C and (ii) the amounts drawn down and not repaid, charged to the Warrantee for payment of the principal of the A(G) Bonds on the preceding Payment Dates, and (B) the sum of the Outstanding Balance of the non-Defaulted Loans corresponding to the last day of the month prior to the month of the Payment Date (hereinafter, the "*Theoretical Amortisation Amount*"), and

(b) the Available Funds on that Payment Date, after having deducted the amounts corresponding to the concepts indicated in sections (1) to (6) of the Payment Priority Order included in section 3.4.6 of the Supplemental Addendum.

The amortisation deficit (hereinafter, the "*Amortisation Deficit*") on a Payment Date shall be the positive difference, if it existed, between:

- (i) The Theoretical Amortisation Amount, and
- (ii) The Amount Available for Amortising.

**Funds available for amortisation on each Payment Date.**

The Funds available for amortisation on each Payment Date (hereinafter, the "*Funds available for amortisation*") shall be the following:

- a) The balance of the Amortisation Account exclusively on the Payment Date of 21 June 2007.
- b) The Amount Available for Amortising withheld in the seventh order (7) of the Payment Priority Order on the corresponding Payment Date.

Moreover, the Fund shall have available, allocated solely to amortisation of the principal of the A(G) Series, the amount drawn down for executing the State Warrantee that was created on the same Payment Date, pursuant to the provisions in section 3.4.7.2 of the Supplemental Addendum. Until the Payment Date of 21 June 2007, exclusive, the amount drawn down by the execution of the State Warrantee shall be paid into the Amortisation Account and reflected in the register corresponding to Series A(G).

**4.9.4. Distribution of the Funds Available for Amortisation.**

The Funds Available for Amortisation shall be applied on each Payment Date to the amortisation of each one of the Series according to the following rules (hereinafter, the "*Distribution of the Funds Available for Amortisation*") (thereby taking into account that the amounts deposited in the amortisation account decrease the amount pending amortisation of each Class of Bonds):

1. Up to the Payment Date corresponding to 21 June 2007, exclusive, the Funds available for amortisation shall be deposited in the Amortisation Account. Nevertheless, the Fund Manager shall maintain an off-the-book register of the distribution of the Funds Available for Amortisation among the Bonds of each Series on each one of the Payment Dates prior to 21 June 2007, pursuant to the rules set forth in the following points 3, 4 and 5.



2. On the Payment Date corresponding to 21 June 2007, the Funds Available for Amortisation deposited in the Amortisation Account corresponding to previous Payment Dates shall be distributed pursuant to the off-the-book register made by the Fund Manager, cited in the preceding point 1 for amortising each Class of Bonds.
3. The Funds Available for Amortisation shall be applied sequentially, first for amortisation of Class A and redemption of the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series until their full amortisation and redemption; second for amortisation of Class B until their full amortisation; and third for amortisation of Class C until their full amortisation, without prejudice to the provisions in the following rules 4 and 5 for pro-rated amortisation of the various Series and Classes.
4. The Funds available for amortisation applied to amortisation of Class A and to repayments of the amounts due to the state for executing the Warrantee for amortisation of Series A(G), by virtue of both the preceding rule 3 and the following rules 5 and 6, shall be applied as follows:

4.1 Ordinary application in the following order:

- 1) Amortisation of the Series A(S) Bonds.
2. Once the Bonds of Series A(S) have been fully amortised, amortisation of the principal of the Bonds of Series A(G) and repayment to the State of the amounts that it had satisfied to the Fund for draw down of the Warrantee for redemption of the principal of the Series A(G) Bonds.

The amount of the Funds available for amortisation applied on a Payment Date to both concepts (amortisation of the principal of the Series A(G) Bonds and repayment of the amounts owed to the State as a result of executing the Warrantee for amortisation of the A(G) Series) shall be applied as follows:

- (i) In the event that there is an Amortisation Deficit on the current Payment Date, first to amortisation of the Series A(G) and second, for any remaining amount, to repayment of the amounts owed to the State as a result of executing the Warrantee for amortisation of Series A(G).
- (ii) Conversely, first to repayment of the amounts owed to the State as a result of executing the Warrantee for amortisation of Series A(G), and second, by any remaining amount, to amortisation of Series A(G).

4.2 Exceptional, pro-rated application of Class A, if to the total amortisation of the A(S) Series had not occurred (hereinafter, "*Pro rata Amortisation of Class A*"). The order of application of the preceding section 4.1 shall be interrupted on any Payment Date if, on the date corresponding to the last day of the month immediately prior to the corresponding Payment Date, the proportion between (i) the Outstanding Balance of the Loans that were up-to-date in payment of the amounts due plus the Outstanding Balance of the Loans that were in default by less than ninety (90) days, thereby having increased the part of the balance of the Treasury Account corresponding to the amortisation of the bonds of the A(S) and A(G) Series, if they existed, and the amount of the income received for reimbursement of the principal of the loans during the three (3) calendar months prior to the Payment Date (on the first Payment Date, by the amount of the income received for the reimbursement of the principal of the loans as from the Formation Date until the last day of the month immediately prior to the said Payment Date), and (ii) the Outstanding Balance of Principal of Class A, increased in the balance of the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series, were less than or equal to 1.

In this event, on the corresponding Payment Date, the Funds Available for Amortisation applied to amortisation of Class A and to reimbursement of the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series, shall be assigned pro rata directly proportional (i) to the Net Outstanding Balance of Principal of the A(S) Series, and (ii) to the Net Outstanding Balance of Principal of the A(G) Series, thereby having increased the balance by the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series. Point (ii) shall be distributed between the amortisation of the principal of the Bonds of the A(G) Series and reimbursement to the State of the amounts owed for executing the Warrantee for amortisation of the A(G) Series, pursuant to the rules set forth in point 4.1.2 of this section.

5. Nevertheless, even if Class A had not been amortised in its totality, as from the Payment Date following the one when the ratios between the Net Outstanding Balance of Principal of Series B and/or of Series C with respect to the Net Outstanding Balance of Principal of the Bond Issue, thereby having increased the balance from the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series, turned out to be equal to or greater than 6.40% and 3.82%, respectively, the Funds Available for Amortisation shall be applied (i) to amortisation of Class A and to

reimbursement of the amounts owed to the State for executing the Warrantee for amortisation of Series A(G), pursuant to the rules set forth in point 4.1.1 of this section, and (ii) to amortisation of Series B and C, pro rata directly proportional between the same, such that the said ratios between (a) the Net Outstanding Balances of Principal of Series B and Series C and (b) the Net Outstanding Balance of Principal of the Bond Issue, thereby having increased the balance from the amounts owed to the State for executing the Warrantee for amortisation of the A(G) Series, are maintained at 6.40% and 3.82%, respectively, or higher percentages as close as possible.

Nevertheless, the Funds available for amortisation shall not be applied on the Payment Date to amortisation of Series B and Series C if any of the following circumstances occurred:

- The amount of the allocated Reserve Fund were less than the Required Amount of the Reserve Fund.
- The pro rata amortisation of Class A were applicable, as set forth in the preceding point 4.2.
- If, on the Determination Date prior to the corresponding Payment Date, the amount (i) of the sum of the Outstanding Balance of the Non-defaulted Loans that were in arrears by more than three months (3) in payment of the amounts due with respect to (ii) the amount of the Outstanding Balance of the Non-defaulted Loans, on that same date was greater than 1.25%, then Series B would not be amortised, or it was greater than 1%, then Series C would not be amortised.
- On the Determination Date prior to the corresponding Payment Date, the amount of the Outstanding Balance of the Non-defaulted Loans were less than 10 percent of the Initial Outstanding Balance of the Loans.

On the Settlement Payment Date of the Fund, the amortisation of the various Bond Classes and the reimbursement to the State of the amounts owed for executing the Warrantee for amortisation of Series A(G) shall occur by distribution of the Funds available for settlement through the Payment Priority Order of Settlement provided for in section 3.4.6 of the Supplemental Addendum.

The Fund Manager shall proceed to notify the Bondholders of each Series of the Outstanding Balance of Principal of each Series, as well as the actual prepayment

rate of the loans and the estimated average residual maturity of the Bonds of each Series.

#### **4.10 Indication of the return.**

The average life, yield, duration and final maturity of the bonds of each series depend on various factors. The most significant are the following:

- i) The calendar and amortisation system of each one of the Loans set forth in their corresponding contracts.
- ii) The capacity that the debtors have for early settlement of the Loans, whether partially or totally, and the speed with which this early settlement is made overall, throughout the life of the Fund. In this respect, the early amortisations of the Loans made by the debtors are very significant, subject to continuous changes and estimated in this Prospectus through the use of various hypotheses of behaviour of the early amortisation or constant prepayment rate (hereinafter "CPR"), which shall have a direct influence on the speed of amortisation of the bonds and, therefore, on the average life and duration of these.
- iii) The variable interest rates of the Loans that cause a variation of the amount of the amortisation in each instalment.
- iv) The arrears of debtors in the payment of the Loan amounts.

In order to calculate the tables included in this section, the following hypotheses have been taken into account with regard to the factors described:

- Interest Rates of the Loans: 3.2192% weighted average interest rate on 28 September 2005 of the portfolio of selected loans that have been used for calculating the amortisation amounts and interest of each one of the selected loans;
- Arrears of the portfolio of Loans: 0% Outstanding Balance of the Loans;
- Defaults of the portfolio of loans that are considered uncollectable: 0%;
- The prepayment rate of the loans stays constant throughout the life of the Bonds;
- The Disbursement Date of the Bonds is 26 October 2005;
- No Amortisation Deficit occurs; and
- There is no extension of the term of any of the loans.

The Internal Rate of Return (hereinafter, "IRR") for the subscriber must take into account the date and purchase price of the Bond, the quarterly payment of the coupon and all amortisations, both the amortisation according to the planned

schedule as well as those of an early nature. The real adjusted duration and the return or profitability of the Bonds will also depend on their variable interest rate.

The nominal interest rates of each Series that are assumed for the first Interest Accrual Period are the following, which are the result of the 2-month Euribor (2.125%) on 27 September 2005 and in the event that the applicable margins were the margins that the Fund Manager would apply, if there were no agreement, according to section 4.8.1.6 (0.00% for Series A(G), 0.10% for Series A(S), 0.40% for Series B and 0.75% for Series C):

	<b>A(G) Bonds</b>	<b>A(S) Bonds</b>	<b>B Bonds</b>	<b>C Bonds</b>
Nominal Interest Rate.	2.125%	2.225%	2.525%	2.875%

For subsequent Interest Accrual Periods, the nominal variable interest rates of the Bonds of each Series are assumed to be constant according to the following details, which are the result of the 3-month Euribor (2.136%) on 27 September 2005 and in the event that the applicable margins were the margins that the Fund Manager would apply, if there were no agreement, according to section 4.8.1.6 (0.00% for Series A(G), 0.10% for Series A(S), 0.40% for Series B and 0.75% for Series C):

	<b>A(G) Bonds</b>	<b>A(S) Bonds</b>	<b>B Bonds</b>	<b>C Bonds</b>
Nominal Interest Rate.	2.136%	2.236%	2.536%	2.886%

**The Average Life of the Bonds** for the various Prepayment Rates, hereby assuming the hypotheses described previously, would be the following:

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SCENARIO		0% CPR	5% CPR	10% CPR
Series A(S)	Average life (years)	3.54	2.72	2.33
	IRR	2.286%	2.286%	2.286%
Series A(G)	Average life (years)	10.49	6.70	5.28
	IRR	2.183%	2.183%	2.183%
Series B	Average life (years)	8.09	5.41	4.33
	IRR	2.596%	2.596%	2.596%
Series C	Average life (years)	8.09	5.42	4.34
	IRR	2.958%	2.958%	2.958%
Anticipated Settlement Date of the Fund		21/09/2017	21/03/2013	21/09/2011
Maturity (years)		11.92	7.41	5.91

The average life of the Bonds has been calculated by the following formula:

$$A = \frac{\sum_{n=1}^n (B_n * m_n)}{C} * \frac{1}{12}$$

where:

A= Average life expressed in years.

Bn= Principal to be amortised on each Payment Date.

mn= Months included between the Disbursement Date of the Issue and each Payment Date.

n = 1,.....,n. Number of quarters (Payment Dates) in which the amounts, Bn, shall be paid.

C = Total amount of the issue in euros.

The formula used for calculating the IRR is the following:

$$N = \sum_{n=1}^T a_n * (1 + I)^{-\left(\frac{d_n}{365}\right)}$$

where,

N = 100,000 euro face value of the Bond.

I = IRR expressed in an annual rate, as an integer value.

$d_n$  = Days included between the Disbursement Date of the Issue and each Payment Date.

$a_n$  =  $a_1, \dots, a_n$ . The total amounts of amortisation and interest that investors will receive quarterly.

n = 1, ..., n. Number of quarters in which the amounts,  $a_n$ , shall be paid.

Duration of the Bonds: The concept of *duration* applied to a fixed-income bond, according to the definition by Macaulay commonly used, is a measure of the sensitivity of the value of the asset in relation to the change of the IRR of the market. In summary, the *duration* is a measure of the risk of a change in the bond's value as a result of the change in the return of its market references. Therefore, this measure of risk has a different interpretation depending on whether the bonds are variable interest rate bonds or fixed-income bonds.

Duration of the Bonds (modified Macaulay's formula):

$$D = \frac{\sum_{n=1}^n (P_n * VA_n)}{PE} * \frac{I}{(I + I)}$$

where:

D = Duration of each Bond class, expressed in years.

$P_n$  = Time elapsed (in years) between the Disbursement Date and each of the Payment Dates.

$VA_n$  = Current value of each of the total amounts that, under the concept of principal and interest, investors would receive quarterly, discounted annually at the effective interest rate (IRR).

PE = Issue price of the Bonds, 100,000 euros.

I = Effective annual interest rate (IRR), expressed as an integer value.

n = 1, ..., n. Number of quarters (Payment Dates) in which the amounts,  $VA_n$ , will be paid.

The Fund Manager expressly states that the financial servicing tables of each one of the series described hereunder are merely theoretical and for illustrative purposes and do not represent any payment obligation whatsoever, remembering that:

- The CPR's are assumed constant at 0.00%, 5.00% and 10.00%, respectively, throughout the life of the Bond Issue and the real early amortisation.
- The Net Outstanding Balance of Principal of the Bonds on each Payment Date, and therefore the interests to be paid on each of them, shall depend on the real early amortisation, the delinquency and the degree of defaults experienced by the Loans.
- The nominal interest rates of the Bonds are assumed to be constant for each Series from the second Interest Accrual Period onwards, and the interest rate of all the Series is variable.
- The hypothetical values mentioned at the beginning of this section are assumed in all cases.
- It is assumed that the Fund Manager shall exercise the option of early settlement of the Fund and use this for the Early Amortisation of the Bond Issue, when the Outstanding Balance of the Non-defaulted Loans is less than 10% of the Initial Outstanding Balance when the Fund was constituted.
- In this stated scenario, the Pro Rata Amortisation of Class A does not become operable, and the Conditions for Pro Rata Amortisation of Series B and C do.



FLOWS FOR EACH BOND WITHOUT RETENTION FOR THE SUBSCRIBER, IRR = 0%												
Payment Date	Series A(S)			Series A(G)			Series B			Series C		
	Amort. Capital	Interest	Total Flow	Amort. Capital	Interest	Total Flow	Amort. Capital	Interest	Total Flow	Amort. Capital	Interest	Total Flow
21/12/2005	0.00	346.11	346.11	0.00	330.56	330.56	0.00	392.78	392.78	0.00	447.22	447.22
21/03/2006	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2006	0.00	565.21	565.21	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2007	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2007	27,630.95	571.42	28,202.38	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2007	4012.73	413.53	4426.27	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2007	4491.67	386.36	4878.03	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2008	3813.89	360.97	4174.86	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/06/2008	3849.92	343.14	4193.06	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2008	4058.50	321.14	4379.64	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2008	4431.38	294.71	4726.09	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2009	3846.11	266.70	4112.82	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2009	3806.99	250.65	4057.64	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2009	4713.57	228.90	4942.47	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2009	4013.74	199.77	4213.51	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2010	3041.94	175.14	3217.08	0.00	534.00	534.00	5630.78	634.00	6264.78	5465.80	721.50	6187.30
21/06/2010	2813.14	161.65	2974.78	0.00	545.87	545.87	4590.59	611.60	5202.19	4598.62	697.22	5295.84
21/09/2010	2525.67	145.57	2671.24	0.00	545.87	545.87	4121.49	581.85	4703.33	4128.69	663.30	4792.00
21/12/2010	2485.04	129.71	2614.76	0.00	539.93	539.93	4055.19	549.10	4604.29	4062.28	625.98	4688.26
21/03/2011	2253.93	114.40	2368.33	0.00	534.00	534.00	3678.06	517.36	4195.42	3684.49	589.79	4274.28
21/06/2011	2266.30	104.06	2370.36	0.00	545.87	545.87	3698.23	505.02	4203.25	3704.70	575.72	4280.42
21/09/2011	2188.46	91.11	2279.57	0.00	545.87	545.87	3571.21	481.05	4052.26	3577.46	548.40	4125.85
21/12/2011	2360.12	77.75	2437.87	0.00	539.93	539.93	3851.34	452.93	4304.26	3858.07	516.34	4374.41
21/03/2012	2213.85	64.41	2278.26	0.00	539.93	539.93	3612.65	428.24	4040.89	3618.97	488.19	4107.16
21/06/2012	1872.91	52.47	1925.38	0.00	545.87	545.87	3056.29	409.53	3465.82	3061.63	466.87	3528.50
21/09/2012	1748.79	41.77	1790.55	0.00	545.87	545.87	2853.74	389.72	3243.46	2858.73	444.28	3303.01
21/12/2012	1914.96	31.43	1946.38	0.00	539.93	539.93	3124.90	367.19	3492.09	3130.36	418.60	3548.97
21/03/2013	1659.05	20.38	1679.43	0.00	534.00	534.00	2707.30	343.35	3050.65	2712.03	391.42	3103.45
21/06/2013	1574.62	11.35	1585.97	0.00	545.87	545.87	2569.52	333.43	2902.95	2574.02	380.11	2954.13
21/09/2013	411.78	2.35	414.14	3796.63	545.87	4342.49	2502.20	316.78	2818.97	2506.57	361.13	2867.70
21/12/2013	0.00	0.00	0.00	5609.58	519.43	6129.02	2704.20	297.29	3001.49	2708.92	338.92	3047.84
21/03/2014	0.00	0.00	0.00	4956.07	483.77	5439.84	2389.16	276.88	2666.04	2393.33	315.65	2708.98
21/06/2014	0.00	0.00	0.00	4712.14	467.47	5179.61	2271.57	267.55	2539.12	2275.54	305.01	2580.55
21/09/2014	0.00	0.00	0.00	4281.49	441.75	4723.23	2063.96	252.83	2316.79	2067.57	288.23	2355.80
21/12/2014	0.00	0.00	0.00	4509.05	413.83	4922.88	2173.66	236.85	2410.52	2177.46	270.01	2447.48
21/03/2015	0.00	0.00	0.00	3764.68	385.20	4149.89	1814.83	220.47	2035.30	1818.00	251.33	2069.34
21/06/2015	0.00	0.00	0.00	3692.91	373.21	4066.12	1780.23	213.60	1993.84	1783.34	243.51	2026.85
21/09/2015	0.00	0.00	0.00	3523.84	353.05	3876.89	1698.73	202.07	1900.79	1701.70	230.36	1932.05
21/12/2015	0.00	0.00	0.00	3911.90	330.19	4242.09	1885.80	188.98	2074.78	1889.10	215.44	2104.53
21/03/2016	0.00	0.00	0.00	3304.12	309.07	3613.19	1592.81	176.89	1769.70	1595.59	201.66	1797.25
21/06/2016	0.00	0.00	0.00	3175.46	294.43	3469.89	1530.79	168.51	1699.30	1533.46	192.11	1725.57
21/09/2016	0.00	0.00	0.00	3060.99	277.09	3338.08	1475.60	158.59	1634.19	1478.18	180.80	1658.98
21/12/2016	0.00	0.00	0.00	2934.42	257.55	3191.97	1414.59	147.41	1561.99	1417.06	168.05	1585.11
21/03/2017	0.00	0.00	0.00	2707.63	239.05	2946.69	1305.26	136.82	1442.08	1307.54	155.98	1463.52
21/06/2017	0.00	0.00	0.00	2627.44	229.59	2857.03	1266.60	131.40	1398.00	1268.82	149.80	1418.62
21/09/2017	0.00	0.00	0.00	39,431.66	215.24	39,646.90	19,008.71	123.19	19,131.91	19,041.95	140.44	19,182.39
<b>Total</b>	<b>100,000</b>	<b>8033</b>	<b>108,033</b>	<b>100,000</b>	<b>22,718</b>	<b>122,718</b>	<b>100,000</b>	<b>20,805</b>	<b>120,805</b>	<b>100,000</b>	<b>23,696</b>	<b>123,696</b>

FLOWS FOR EACH BOND WITHOUT RETENTION FOR THE SUBSCRIBER, IRR = 5%												
Payment Date	Series A1			Series A2			Series B			Series C		
	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow
21/12/2005	0.00	346.11	346.11	0.00	330.56	330.56	0.00	392.78	392.78	0.00	447.22	447.22
21/03/2006	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2006	0.00	565.21	565.21	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2007	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2007	37,618.46	571.42	38,189.89	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2007	5276.38	356.46	5632.84	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2007	5674.89	322.76	5997.66	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2008	4925.39	290.69	5216.08	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/06/2008	4910.70	265.74	5176.44	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2008	5056.53	237.68	5294.21	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2008	5354.65	206.51	5561.16	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2009	4160.00	174.31	4334.31	0.00	534.00	534.00	7696.05	634.00	8330.05	7534.68	721.50	8256.18
21/06/2009	4140.68	154.42	4295.09	0.00	545.87	545.87	6756.93	598.21	7355.14	6768.74	681.96	7450.70
21/09/2009	4901.70	130.75	5032.45	0.00	545.87	545.87	7998.79	554.42	8553.22	8012.78	632.04	8644.82
21/12/2009	4204.16	101.63	4305.79	0.00	539.93	539.93	6860.52	497.12	7357.64	6872.51	566.72	7439.23
21/03/2010	3621.09	77.01	3698.10	0.00	534.00	534.00	5909.05	448.16	6357.21	5919.38	510.90	6430.28
21/06/2010	3320.37	58.03	3378.40	0.00	545.87	545.87	5418.32	419.82	5838.14	5427.79	478.60	5906.39
21/09/2010	2990.47	39.06	3029.53	0.00	545.87	545.87	4879.98	384.71	5264.69	4888.51	438.57	5327.08
21/12/2010	2907.00	21.73	2928.73	0.00	539.93	539.93	4743.77	349.24	5093.01	4752.06	398.14	5150.20
21/03/2011	937.52	5.24	942.76	5745.87	534.00	6279.87	4299.77	315.33	4615.10	4307.29	359.48	4666.76
21/06/2011	0.00	0.00	0.00	8875.97	514.50	9390.47	4278.82	294.47	4573.29	4286.30	335.70	4621.99
21/09/2011	0.00	0.00	0.00	8499.06	466.05	8965.11	4097.12	266.74	4363.86	4104.28	304.08	4408.37
21/12/2011	0.00	0.00	0.00	8960.88	415.10	9375.97	4319.75	237.58	4557.32	4327.30	270.84	4598.14
21/03/2012	0.00	0.00	0.00	8352.49	366.71	8719.21	4026.46	209.89	4236.35	4033.50	239.27	4272.77
21/06/2012	0.00	0.00	0.00	7101.09	325.15	7426.24	3423.20	186.10	3609.30	3429.19	212.15	3641.34
21/09/2012	0.00	0.00	0.00	6590.18	286.39	6876.57	3176.91	163.91	3340.82	3182.46	186.86	3369.32
21/12/2012	0.00	0.00	0.00	7062.10	247.69	7309.79	3404.41	141.76	3546.17	3410.36	161.61	3571.97
21/03/2013	0.00	0.00	0.00	38,812.36	207.26	39,019.62	18,710.17	118.62	18,828.79	18,742.88	135.23	18,878.11
<b>Total</b>	<b>100,000</b>	<b>6186</b>	<b>106,186</b>	<b>100,000</b>	<b>14,528</b>	<b>114,528</b>	<b>100,000</b>	<b>13,934</b>	<b>113,934</b>	<b>100,000</b>	<b>15,867</b>	<b>115,867</b>

FLOWS FOR EACH BOND WITHOUT RETENTION FOR THE SUBSCRIBER, IRR = 10%												
Payment Date	Series A(S)			Series A(G)			Series B			Series C		
	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow	Amort. Capital	Interests	Total Flow
21/12/2005	0.00	346.11	346.11	0.00	330.56	330.56	0.00	392.78	392.78	0.00	447.22	447.22
21/03/2006	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2006	0.00	571.42	571.42	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2006	0.00	565.21	565.21	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2007	0.00	559.00	559.00	0.00	534.00	534.00	0.00	634.00	634.00	0.00	721.50	721.50
21/06/2007	46,988.10	571.42	47,559.52	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2007	6317.15	302.92	6620.08	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/12/2007	6613.52	263.92	6877.44	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/03/2008	5765.77	226.54	5992.31	0.00	539.93	539.93	0.00	641.04	641.04	0.00	729.52	729.52
21/06/2008	5675.87	196.09	5871.96	0.00	545.87	545.87	0.00	648.09	648.09	0.00	737.53	737.53
21/09/2008	4840.91	163.65	5004.57	0.00	545.87	545.87	12,957.62	648.09	13,605.71	12,805.45	737.53	13,542.99
21/12/2008	5343.24	134.51	5477.75	0.00	539.93	539.93	8719.32	557.98	9277.30	8734.56	636.10	9370.66
21/03/2009	4667.22	103.17	4770.39	0.00	534.00	534.00	7616.16	496.57	8112.73	7629.48	566.09	8195.57
21/06/2009	4539.34	78.79	4618.13	0.00	545.87	545.87	7407.48	458.24	7865.72	7420.43	522.40	7942.83
21/09/2009	5240.63	52.85	5293.48	0.00	545.87	545.87	8551.87	410.24	8962.11	8566.82	467.67	9034.49
21/12/2009	4008.25	22.66	4030.90	1551.15	539.93	2091.09	7288.58	350.96	7639.54	7301.32	400.09	7701.41
21/03/2010	0.00	0.00	0.00	12,929.07	525.72	13,454.79	6232.68	300.89	6533.57	6243.58	343.02	6586.59
21/06/2010	0.00	0.00	0.00	11,747.55	466.82	12,214.38	5663.11	267.18	5930.29	5673.01	304.59	5977.60
21/09/2010	0.00	0.00	0.00	10,470.21	402.70	10,872.91	5047.35	230.48	5277.83	5056.17	262.75	5318.92
21/12/2010	0.00	0.00	0.00	10,046.97	341.79	10,388.76	4843.32	195.62	5038.94	4851.78	223.01	5074.79
21/03/2011	0.00	0.00	0.00	8992.66	284.38	9277.04	4335.07	162.76	4497.83	4342.65	185.55	4528.20
21/06/2011	0.00	0.00	0.00	8834.45	241.61	9076.06	4258.80	138.29	4397.09	4266.25	157.65	4423.89
21/09/2011	0.00	0.00	0.00	35,427.93	193.39	35,621.32	17,078.65	110.68	17,189.33	17,108.50	126.18	17,234.68
<b>Total</b>	<b>100,000</b>	<b>5289</b>	<b>105,289</b>	<b>100,000</b>	<b>11,456</b>	<b>111,456</b>	<b>100,000</b>	<b>11,152</b>	<b>111,152</b>	<b>100,000</b>	<b>12,699</b>	<b>112,699</b>

#### 4.11 Representation of the securities holders.

For the securities included in this Bond Issue, a Syndicate of Bondholders will not be formed.

Under the terms provided for in Article 12 of Royal Decree 926/1998, it corresponds to the Fund Manager, in its capacity as a manager of the businesses of third parties, to represent and defend the interests of the holders of the Bonds issued against the Fund and of all other ordinary creditors of the Fund. Consequently, the Fund Manager shall subordinate its actions to the defence of those interests in accordance with the provisions that may be in force at any given time.

#### **4.12 Resolutions, authorisations and approvals for issuing the securities.**

##### **a) Company Resolutions.**

###### *Resolution for formation of the Fund, assignment of the Loans and Initial Draw-downs and Bond issue.*

The Board of Directors of Gesticaixa, SGFT, S.A., in its meeting held on 11 October 2005, resolved the following:

- i) The formation of GC FTPYME SABADELL 4, FTA in accordance with the legal regime established by Royal Decree 926/1998; by Law 19/1992 wherever Royal Decree 926/1998 may be silent and to the extent that it may be applicable; and in all other current legal provisions and regulations in force that may be applicable at any time.
- ii) The pooling into the Fund of the Loans assigned by Banco de Sabadell, S.A., which are derived from the Mortgage Loans and Non-mortgage Loans granted by Banco de Sabadell, S.A. to small and medium, non-financial enterprises residing in Spain.
- iii) The issue of the Bonds against the Fund.

###### *Loan Assignment resolution:*

The Board of Directors of Banco de Sabadell, S.A., in its meeting held on 29 September 2005, resolved to authorise the assignment of the Mortgage Loans by means of the issue of mortgage transfer certificates and the assignment of Non-mortgage Loans for their pooling into the Fund.

##### **b) Registration by the CNMV.**

The prerequisite for the formation of the Fund and the Bond issue is the recording in the Official Registers of the CNMV of this Prospectus and all other accrediting documents, in accordance with the provisions in Article 5.1.e) of Royal Decree 926/1998.

This Prospectus of formation of the Fund and issue of the Bonds was filed with the official registers of the CNMV on 20 October 2005.

**c) Granting of the public Fund Formation Deed.**

Once this Prospectus has been registered by the CNMV, the Fund Manager, together with Banco de Sabadell, S.A., as the Assignor of the Loans, shall proceed on 21 October 2005 to execute the public deed of formation of GC FTPYME SABADELL 4 ASSET SECURITISATION FUND by virtue of the Resolution of the Fund Manager dated 11 October 2005 and the Resolution of the Board of Directors of Banco Sabadell, S.A., dated 29 September 2005, under the terms provided for in Article 6 of Royal Decree 926/1998.

The Fund Manager hereby states that the content of the Deed of Formation shall coincide with the preliminary draft of the Deed of Formation that it delivered to the CNMV, and in no case do the terms of the Deed of Formation contradict, modify, alter or invalidate the regulations contained in this Prospectus.

The Fund Manager shall send a copy of the Deed of Formation to the CNMV for its incorporation into the Official Registries, prior to the start of the Subscription Period of the Bonds.

**4.13 Issue date of the securities.**

The effective date of Issue of the Bonds shall be 26 October 2005.

**4.13.1. Collective of potential investors.**

The brokerage of the Issue is directed at qualified investors.

Once the issue has been placed in full and the Bonds are admitted to trading on the AIAF Market, the Bonds may be freely acquired through said market in accordance with its own contracting rules.

Effects of the subscription for Bondholders: The subscription of the Bonds implies acceptance of the terms of the deed of formation for each Bondholder.

#### **4.13.2. Subscription period.**

The Subscription Period shall begin at 10:00 AM on 25 October 2005, the Business Day prior to the Disbursement Date, and shall end at 1:00 PM on that same day.

#### **4.13.3. Where and before whom the subscription can be transacted.**

Subscription requests shall be made during the Subscription Period before the entities stated in section 5.2 of the Registration Document and in accordance with the following procedure: the subscription to or the holding of one Series does not mean the subscription to or holding of another Series.

#### **4.13.4 Brokerage and Allocation of the Bonds.**

The Underwriting Entities shall freely proceed with the acceptance or not of the subscription requests received, ensuring in all cases that there is no discriminatory treatment among requests with similar characteristics. Nevertheless, the Underwriting Entities may give priority to the requests of those clients that it may deem most appropriate or beneficial.

Each Underwriting Entity undertakes to subscribe in its own name, at the end of the subscription period, the amount of Bonds necessary to complete the amount of its underwriting commitment as determined in the Management and Underwriting and Brokerage Contract of the Bond Issue.

#### **4.13.5 Form and Date of disbursement**

On the Disbursement Date, each Underwriting Entity shall pay its respective underwritten amount into the account opened on behalf of the Fund at the Payment Agent, effective that same day before **10:15 AM**.

The investors to whom the Bonds had been allocated shall pay the Underwriting Entities, before 10:00 AM, Madrid time, on the Disbursement date, effective on that same day, the corresponding issue price for each awarded Bond.

The Disbursement Date shall be 26 October 2005.

#### **4.14 Restrictions on the free transferability of the securities.**

The Bonds may be freely transferred through any manner lawfully permitted and in accordance with the norms of the AIAF Market. Title over each Bond will be transmitted by accounting transfer. The recording in the accounting registry of the transfer in favour of the acquiring party shall have the same effects as the transfer of title, and as from that moment the transfer may be effective against third parties. In this sense, the third party purchaser by onerous title of the Bonds represented by book entries in the name of a person that, according to the records of the accounting registry, is entitled to transfer them, will not be subject to replevy, except in the case where such third party may have acted in bad faith or tortuously.

### **5. RESOLUTIONS OF ADMISSION TO TRADING AND NEGOTIATION**

#### **5.1. Market in which the securities will be traded.**

The Fund Manager shall, immediately on the Disbursement Date, request the admission of the issue to trading on the AIAF Fixed Income Market, an organised secondary official securities market created by the Asociación de Intermediarios de Activos Financieros [*Association of Financial Assets Brokers*]. The Fund Manager undertakes to have concluded the recording of the issue on the AIAF Market within the term of thirty days as from the Disbursement Date once the corresponding authorisations are obtained.

The Fund Manager expressly states that it is aware of the requirements and conditions demanded for the admission, permanence and exclusion of the securities in the AIAF Market, according to current legislation and the requirements of its governing bodies, and the Fund, through its Fund Manager, agrees to comply with them.

In the event of a breach within the aforementioned admission to trading period of the Bonds, the Fund Manager hereby undertakes to publish the opportune Relevant Fact at the CNMV and in the Official Gazette of the AIAF Market or through any other means that are generally accepted by the market and which guarantee adequate dissemination of the information in time and content. Said information shall contain both the causes for said breach as well as the

anticipated new date for the entry to trading of the issued securities. This is without prejudice to the liability of the Fund Manager if the breach is attributable to the same.

Likewise, the Fund Manager shall apply for inclusion of the issued Bonds in IBERCLEAR in a manner that provides for the compensation and settlement of the Bonds in accordance with the operating rules which, with regard to the securities admitted to trading on the AIAF Market and represented by book entries, are set forth or may be approved in the future by IBERCLEAR.

There are no plans to contract an entity that would undertake to facilitate the liquidity of the Bonds during the life of the Issue.

## **5.2 Payment agent and DEPOSITARY ENTITIES.**

### **Name and address of any paying agent and of the deposit agents in each country.**

Any entities that participate in Iberclear may be Depositary Entities.

The financial servicing of the Bond issue shall be carried out through Banco de Sabadell, S.A., the entity which shall be designated as the Payment Agent. All payments to be made by the Fund to the Bondholders shall be made through the Payment Agent.

The Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A. shall enter into the Payment Agency Contract on the day when the Deed of Formation is executed.

The obligations assumed by the Payment Agent under this Contract are summarised below:

- (i) Before 1100 hours (CET) on the Disbursement Date, it shall pay into the Fund, by means of a deposit into the Treasury Account, the total amount of the subscriptions of the Bond Issue which, under the Management, Underwriting and Brokerage Contract, are paid to it by the rest of the Underwriting and Brokerage Entities, plus the nominal amount of the Bonds it may have placed



and those subscribed by Banco de Sabadell, S.A. on its own behalf, if applicable, up to the limit of its underwriting commitment.

- (ii) On the Disbursement Date it shall pay to each one of the Underwriting and Brokerage Entities their underwriting and brokerage commissions after they have paid the principal amount of the Bonds placed or subscribed, if applicable, by each one of them, up to the limit of their respective underwriting and brokerage commitments.
- (iii) On each of the Payment Dates of the Bonds, it shall pay the interest and redemption of the principal of the Bonds, after deducting the total amount of the tax withholding on account for the income from capital gains that, if applicable, may have to be made in accordance with the applicable tax legislation.

In consideration for the services to be provided by the Payment Agent, the Fund will pay to the same on each Payment Date during the life of the contract a fee equal to 0.01%, including taxes, if applicable, on the gross amount of the interest paid to the Bondholders on each Payment Date, to be paid on the same Payment Date, provided that the Fund has sufficient liquidity according to the Payment Priority Order established in section 3.4.6 of the Supplemental Addendum.

Should the Fund not have sufficient liquidity to pay the entire mentioned fee, the unpaid amounts will be accumulated, without penalty, together with the fee corresponding to the following Payment Date, unless such lack of liquidity situation remains, in which case the amounts due will continue to accumulate until the Payment Date on which such situation has ceased.

The Payment Agency Contract will be terminated for all legal purposes in the event that the Ratings Agencies did not confirm as final before the start of the Subscription Period, the ratings assigned on a provisional basis to each of the Series or in the event of the termination of the Management, Underwriting and Brokerage Contract of the Bond Issue.

### **Substitution of the Payment Agent.**

The Fund Manager is authorised to replace the Payment Agent (in each and every one of its functions), as long as it may be permitted by legislation in force and authorisation is obtained from the competent authorities, if necessary. The substitution shall be communicated to the CNMV, to the Ratings Agencies and to the Assignor.

In the event that the rating of the Payment Agent given by the Ratings Agencies for its short-term risk were reduced to a rating below P1, in the case of Moody's, or below F-1, in the case of Fitch, the Fund Manager shall, on behalf of the Fund and within 30 days following such a reduction and subject to prior communication to the Ratings Agencies, put into practice any of the necessary options among those described below that allow maintaining an adequate level of guaranty with respect to the commitments derived from the functions contained in the Payment Agency Contract and so that the rating given to the Bonds by the Ratings Agencies is not jeopardised.

- (i) Obtain similar guaranties or commitments from a credit entity or entities with a rating for its short-term debt of not less than P1 granted by Moody's or not less than F-1 granted by Fitch, or another one explicitly recognised by the Ratings Agencies, which guarantee the commitments assumed by the Payment Agent.
- (ii) Replace the Payment Agent by an entity with a rating for its short-term debt of not less than P1 given by Moody's and F-1 given by Fitch, or another one explicitly recognised by the Ratings Agencies, so that it may assume, under the same conditions, the functions of the affected entity established in its respective contract.

If Banco de Sabadell, S.A. were replaced as the Payment Agent, the Fund Manager shall be entitled to modify the commission paid to the replacement agent, which could be higher than that paid to Banco de Sabadell, S.A. under this contract.

Likewise, the Payment Agent may consider the Payment Agency Contract to be terminated, subject to prior notification to the Fund Manager a minimum of two months in advance, in accordance with the terms set forth in the Payment Agency Contract, and as long as (i) another entity with financial characteristics similar to Banco Sabadell and with a short-term credit rating at least equal to P1, in the case of Moody's, and F-1, in the case of Fitch, or another one explicitly recognised by the Ratings Agencies, accepted by the Fund Manager, replaces Banco de Sabadell, S.A. in the functions assumed by the Financial Agency contract, (ii) the CNMV and the Ratings Agencies are notified, and (iii) the rating given to the Bonds by the Ratings Agencies is not jeopardised. Moreover, termination may not occur, unless authorised by the Fund Manager, until day 20 of the month following the month of the Payment Date following the notification of termination. In the event of substitution caused by the relinquishment of the replaced entity, all costs derived from the substitution process shall be paid for by the latter. The administrative and management costs derived from the process of replacing the Payment Agent as a result of the loss of a rating shall be payable by the replaced Payment Agent.

**Publication of the amounts to be paid and establishments through which the financial service of the issue will be handled.** The payment of interest and amortisations shall be announced using the channels generally accepted by the market (AIAF, IBERCLEAR) that guarantee adequate publication of the information in time and content.

Notification Dates of the payments to be made by the Fund on each Payment Date: they shall be 20 March, June, September and December of every year, or the immediately following Business Day in the event that any of the said days were not.

The periodic information to be provided by the Fund is described in section 4.1 of the Supplemental Addendum.

## **6. EXPENSES OF THE OFFER AND OF THE ADMISSION TO TRADING**

The forecasted initial expenses are the following:

<b>Initial Expenses</b>	<b>Euros</b>
CNMV fees	61,533.29
AIAF Market Fees	43,500.00
IBERCLEAR Fees	1914.00
Ratings Agencies:	249,400.00
Legal advising, printing, notaries, auditing and initial commission of the Fund Manager:	154,652.71
<b>Subtotal</b>	<b>511,000.00</b>
2) Issue expenses	150,000.00
Underwriting Commissions	150,000.00
<b>GENERAL TOTAL</b>	<b>661,000.00</b>

Costs incurred due to settlement of the Fund shall be payable by the Fund.

## **7. ADDITIONAL INFORMATION**

### **7.1. Declaration of the capacity in which the advisors related to the issue who are mentioned in the Prospectus Schedule have acted.**

Cuatrecasas has provided the legal advising for the formation of the Fund and the Bond Issue and has revised the statements pertaining to the tax handling of the Fund, which are contained in section 4.5.1 of the Registration Document. The financial design of the operation was made by Banco de Sabadell, S.A. and GestiCaixa S.G.F.T., S.A.

### **7.2. Other information of the Prospectus Schedule that has been audited or revised by auditors.**

Not applicable.

### **7.3. Declaration or report attributed to a person in the capacity of an expert.**

Ernst & Young was the auditor of a series of attributes of the Loans selected under the terms of section 2.2 of the Supplemental Addendum.

### **7.4. Information from third parties.**

Declaration of the Assignor.

Mr. Rafael García Nauffal, on behalf of and representing Banco de Sabadell, S.A., hereby declares:

- That the statements relating to the Loans, the Mortgage Transfer Certificates and the Mortgage Loans, contained in section 2.2.8 of the Supplemental Addendum, are true.
- That the preceding statements shall be guaranteed to the Fund Manager, in representation of the Fund, in the Deed of Formation of the same
- That verifications have been carried out which were necessary to check the veracity and integrity of the information contained in the Prospectus relative to the portfolio of loans selected that for the most part will be assigned to the Fund, constituting the Mortgage Loans object of the issue of the Mortgage Transfer Certificates and the Non-Mortgage Loans directly assigned
- That, as a result of these verifications, no circumstances have been observed that may contradict or alter the information included in the Prospectus, and the prospectus does not omit significant facts or data that may be relevant to the investor.

### **7.5. Solvency rating assigned to the securities by the ratings agencies.**

**Degrees of solvency assigned to an issuer or to his obligations upon request or with the co-operation of the issuer in the ratings process.**

The Fund Manager, acting as the founder and legal representative of the Fund, and the Assignor, acting as the assignor of the Loans, have agreed to request ratings for each one of the Classes of Bonds from Moody's Investors Service España, S.A. (hereinafter, "*Moody's*") and from Fitch Ratings España, S.A. (hereinafter, "*Fitch*", and jointly with Moody's, the "*Rating Agencies*"), in accordance with the provisions in Article five of Royal Decree 926/1998, of 14 May.

On the registration date of this Prospectus Schedule, the following preliminary ratings are determined for the Bonds, both ratings assigned on 18 October 2005:

<b>Series</b>	<b>Moody's</b>	<b>Fitch</b>
Series A(S)	Aaa	AAA
Series A(G)	Aaa	AAA
Series B	A2	A+
Series C	Baa3	BBB

The AAA rating of the A(G) series is original prior to the State Warrantee.

Series A(G) shall have a State Warrantee.

The task entrusted to the Rating Agencies consists of appraising the bonds and the ratings of the same.

A rating, by definition, is the opinion of the Rating Agencies about the level of credit risk associated with the Bonds. In the event that any of the aforementioned provisional ratings given by the Ratings Agencies may not be confirmed before the start of the Subscription period of the Bonds, the formation of the Fund and the Bond Issue shall be considered terminated.

The ratings assigned, as well as any revision or suspension of the same:

- (i) are formulated by the Rating Agencies based on wide-ranging information received by them. They do not guarantee the accuracy of this information or that it is complete, wherefore they cannot be held liable for the same under any circumstance;
- (ii) and they do not constitute and in no way could they be interpreted as an invitation, recommendation or incentive directed at investors so that they proceed to carry out any operation with the Bonds and, in particular, to acquire, keep, encumber or sell these Bonds.

The ratings made by Moody's measure the expected loss before 30 April 2038. In the opinion of Moody's, the structure allows the timely payment of the interest and payment of the principal throughout the life of the operation, and in any event before the Legal Maturity Date of the Fund.

The ratings made by Fitch about the risk constitute opinions about the capacity of the Fund to comply with the timely payment of interest on each planned payment date and the redemption of the principal throughout the life of the operation and on any other date before 30 April 2038.

The ratings by Moody's and Fitch take into account the structure of the Bond issue, its legal aspects and the aspects of the Fund that issues them, the characteristics of the assets and the regularity and continuity of the flows of the operation.

The ratings can be revised, suspended or withdrawn at any time by the Rating Agencies according to any information of which they may become aware. These situations, which do not constitute events of early settlement of the Fund, shall be immediately reported to both the CNMV and to the bondholders.

In order to carry out the rating process and follow-up procedure, the ratings agencies rely on the accuracy and completeness of the information provided by the Fund Manager, the auditors, the legal advisers and other experts.

The Fund Manager, in representation of the Fund, undertakes to provide the Ratings Agencies with periodic information about the status of the Fund and of the Loans. It shall likewise provide said information whenever reasonably requested to do so and in any case, whenever there may be a modification to the conditions of the Fund or to the contracts approved through the Fund Manager or to the interested parties.

The Fund Manager shall make the utmost effort to maintain the ratings of the Bonds at its initial level and, in the event that the said rating dropped, to recover it.

## Moody's

The rating scales used by Moody's for long-term and short-term debt issues are the following:

Long term	Short term
Aaa	Prime-1
Aa	Prime-2
A	Prime-3
Baa	Not Prime
Ba	
B	
Caa	
Ca	
C	

The Aaa rating denotes the highest quality of credit of the corresponding issuer, and it is only assigned in cases of exceptionally strong capacity to take on the payments due at any time. Aa denotes very high credit quality; A denotes high credit quality; and Baa denotes good credit quality. Ratings Ba to C are considered speculative. Thus, for example, Ba indicates that there is the possibility that a credit risk would develop, in particular as a result of an adverse economic change at a given moment.

P1 indicates the strongest capacity to take on payments of financial commitments. P2 reflects a satisfactory capacity of the Issuer to take on financial commitments in a timely manner, although the margin of security is not as big as in the case of higher ratings. P3 denotes an adequate capacity to take on financial commitments, although adverse changes in the short-term could mean a reduction to a speculation level.

Moody's applies the numerical modifiers 1, 2 and 3 to each long term-rating category between Aa and Caa. Modifier 1 indicates values in the higher range of the rating category, modifier 2 indicates medium range and modifier 3 indicates values in the lower range of each generic category.

## Fitch

The rating scales used by Fitch for long-term and short-term debt issues are the following:



Long term	Short term
AAA	F-1+
AA	F-1
A	F-2
BBB	F-3
BB	B
B	B
CCC	C
CC	C
C	C
DDD	D
DD	D
D	D

The AAA rating denotes the highest quality of credit of the corresponding issuer, and it is only assigned in cases of exceptionally strong capacity to take on the payments due at any time. AA denotes very high credit quality; A denotes high credit quality; and BBB denotes good credit quality. Ratings BB to D are considered speculative. Thus, for example, BB indicates that there is the possibility that a credit risk would develop, in particular as a result of an adverse economic change at a given moment.

F1 indicates the strongest capacity to take on payments of financial commitments, and it can include a plus sign (+) to indicate exceptionally strong capacity. F2 reflects a satisfactory capacity of the Issuer to take on financial commitments in a timely manner, although the margin of security is not as big as in the case of higher ratings. F3 denotes an adequate capacity to take on financial commitments, although adverse changes in the short-term could mean a reduction to a speculation level. Levels B and D are speculative.

Fitch may add "+" or "-" to a rating to indicate a relative position within the rating categories. However, they cannot be added to long-term rating category "AAA", to categories lower than "CCC" or to short-term ratings other than F1.

**SUPPLEMENTAL ADDENDUM TO THE PROSPECTUS SCHEDULE**

**(Schedule VIII of (EC) Commission Regulation Number 809/2004 of 29 April  
2004)**

## SUPPLEMENTAL ADDENDUM

### Minimum Disclosure Requirements for the Supplemental Addendum of Asset-Guaranteed Securities

#### 1. SECURITIES

##### 1.1 Minimum denomination of the issue

“GCFTPYME SABADELL 4, ASSET SECURITISATION FUND” (hereinafter, referred to interchangeably as the “*Fund*” or the “*Issuer*”), represented by GESTICAIXA, SGFT, S.A. (hereinafter, the “*Fund Manager*”) shall be set up with the loans (as defined below) assigned by Banco de Sabadell, S.A. (hereinafter, “*Banco de Sabadell, S.A.*” or the “*Assignor*” interchangeably) to it at the time of formation, whose maximum total principal or capital will be equal to seven hundred fifty million (750,000,000) euros.

##### 1.2 Confirmation that the information on a company or debtor not participating in the issue has been reproduced.

Not applicable.

#### 2. UNDERLYING ASSETS

##### 2.1 Confirmation of the ability of the securitised assets to produce funds payable on the securities.

The Fund Manager confirms that the principal and interest generated by the securitised assets will make it possible, pursuant to the contractual characteristics, to satisfy the payments due and payable on the bonds issued.

However, in order to cover possible non-payment by borrowers or debtors (as defined below) of the securitised assets, a series of credit-improving operations has been arranged in accordance with the applicable regulations to augment the security or regularity in the payment of the Bonds and to mitigate or neutralize

differences in the interest rates on the assets and the Bonds in each class. Even so, under exceptional circumstances the credit-improving operations could turn out to be insufficient. The credit-improving operations are described in part 3.4.2, 3.4.3 and 3.4.4 of this Supplemental Addendum.

Not all of the Bonds issued have the same risk of non-payment, as reflected in the credit ratings assigned by Fitch Ratings España, S.A. (hereinafter "*Fitch*") and Moody's Investors Services España, S.A. (hereinafter "*Moody's*" and, along with Fitch, hereinafter the "*Rating Agencies*") to the Bonds in each one of the Series detailed in part 7.5. of the Prospectus Schedule.

Whenever: i) If, in the opinion of the Fund Manager, the existence of circumstances of any nature were to lead to a substantial alteration or permanent distortion or were to make it impossible or extremely difficult to maintain the equity balance of the Fund or, ii) if a non-payment indicative of a serious and permanent imbalance in relation to the Bonds were to occur or if it were expected to occur, the Fund Manager could proceed with the early settlement of the Fund and Early Redemption of the Bond Issue in the terms set forth in part 4.4.3 of the Registration Document.

## **2.2 Assets Supporting the Bond Issue**

The credit rights pooled in the Fund assets are derived from the loans selected from a portfolio of loans (hereinafter the "*Loans*") to small and medium Spanish enterprises (hereinafter the "*Debtors*"), granted by the Assignor in the terms established in the Order of 28 December 2001 on Promotional Agreements on Asset Securitisation Funds to foster business financing, modified by Order ECO/1064/2003 of 29 April (hereinafter the "*Order of 28 December 2001*"), at least 90% of which are granted to small and medium enterprises that comply with the Recommendation of the European Commission 2003/361/CE of 6 May 2003 on the definition of small and medium enterprises (hereinafter "*SMEs*" or "*SME*" in the singular), the characteristics of which are described throughout this Supplemental addendum.

### *Audit of the Loans Securitised in the Fund*

The Loans were audited by the firm Ernst & Young for Banco de Sabadell, S.A., S.A., with its registered offices in plaza Pablo Ruiz Picasso - Ed Torre Picasso, 1, 28020 MADRID, CIF B78970506, and registered in the Official Registry of Accounts Auditors under number S0530 in compliance with the provisions of article five of Royal Decree 926/1998 of 14 May.

The mentioned Audit Report has been produced using sampling techniques, which constitute a generally accepted method for the verification of the registries that an entity maintains in relation with a group of entries ("population"), and allows the extraction of a conclusion about the said population by means of the analysis of a number of entries ("samples") smaller than the total group. The reliability level indicates the probability that the real number of entries with deviations from a rule existing in a population does not exceed a previously determined limit ("precision"). The chosen sample size and level of confidence determine that the non-existence of errors in the sample corresponds with a maximum of inferred errors for the population, always different than zero. The verification discusses a series of attributes, both quantitative and qualitative, about the operations of the sample, and specifically about the following: nature of the loan and of the assigned debtor, identification of the assigned debtor, SME accreditation, transfer of the assets, initial amount, Formalisation date, maturity date, initial amortization period, outstanding balance, interest rate of reference, differential, interest rate applied, delay in payments, assignor has full title to the loans, situation of bankruptcy, type of guarantee. In addition, the following attributes have been verified for mortgage loans: execution and registration of the mortgage loan, address of mortgaged property, valuation assessment and ratio of outstanding principle to the appraised value.

The Loans selected with errors detected in the verification of the sample will not be assigned to the Fund.

### 2.2.1 Legislation governing the securitised assets.

The securitised assets are governed by Spanish law.

### 2.2.2. Description of the general characteristics of the debtors and the economic environment, as well as the overall statistics on the securitised assets.

The Debtors of the Loans are small and medium Spanish enterprises, micro-companies and freelance individuals, at least 90% of whom are small and medium enterprises that comply with the European Commission Recommendation 2003/361/CE of 6 May 2003 on the definition of small and medium enterprises (hereinafter, "SMEs " or "SME" in the singular).

#### a) Information on the economic activity of the Debtors by economic activity sector, according to the codes of the Spanish National Economic Activities Classification (CNAE).

The following table shows the breakdown of the selected loans according to the CNAE codes of the debtor companies' activities.

Loan portfolio at 28 September 2005					
Classification by industry					
CNAE		Loans		Outstanding Principal	
		Number	%	(euros)	%
70	Property activities	704	21.53%	219,795,497.71	25.41%
51	Wholesale trade	306	9.36%	87,537,911.69	10.12%
74	Other business activities	345	10.55%	77,311,043.91	8.94%
55	Hotel and catering	179	5.47%	66,312,615.74	7.67%
45	Construction	241	7.37%	65,318,905.34	7.55%
52	Retail trade	207	6.33%	35,041,858.75	4.05%
93	Various activities in personal services	232	7.09%	31,751,727.53	3.67%
28	Production of metal products	107	3.27%	26,449,043.68	3.06%
60	Land transport	84	2.57%	20,432,696.79	2.36%
15	Food and beverage products industry	76	2.32%	20,201,897.95	2.34%
50	Sale and repair of motor vehicles	73	2.23%	18,605,185.83	2.15%

24	Chemical industry	40	1.22%	15,987,999.33	1.85%
01	Agriculture, livestock and game	46	1.41%	15,367,144.35	1.78%
36	Furniture-making	60	1.83%	13,784,279.18	1.59%
63	Activities related to transport	39	1.19%	13,571,812.72	1.57%
26	Fab. of other mineral non-metallic products	34	1.04%	12,870,851.50	1.49%
92	Leisure, cultural and sports activities	38	1.16%	12,419,970.20	1.44%
85	Medical and veterinary activities	71	2.17%	11,597,498.48	1.34%
22	Publication, graphic arts and reproduction	44	1.35%	11,244,270.83	1.30%
20	Wood and cork industry	29	0.89%	10,334,702.58	1.19%
29	Machine-building industry	42	1.28%	10,207,588.20	1.18%
17	Textile industry	36	1.10%	9,352,765.85	1.08%
31	Machinery and electrical material production	19	0.58%	6,284,472.15	0.73%
25	Fabrication of rubber products and plastic materials	29	0.89%	5,970,447.70	0.69%
19	Preparation and finishing of leather	11	0.34%	4,675,062.63	0.54%
91	Associated activities	17	0.52%	4,188,555.18	0.48%
21	Paper industry	10	0.31%	3,883,703.45	0.45%
72	Computer activities	24	0.73%	3,858,367.94	0.45%
80	Education	21	0.64%	3,427,980.92	0.40%
71	Renting machinery and equipment without operator	21	0.64%	3,319,091.40	0.38%
27	Metallurgy	5	0.15%	3,249,267.88	0.38%
10	Extraction of anthracite, coal, lignite and peat	2	0.06%	3,243,645.04	0.37%
34	Manufacturing motor vehicles	7	0.21%	2,914,221.40	0.34%
33	Manufacturing medical equipment and instruments	11	0.34%	2,445,039.45	0.28%
40	Energy production and distribution	6	0.18%	1,712,883.26	0.20%
66	Insurance and pension plans	11	0.34%	1,663,144.86	0.19%
32	Electronic material manufacturing	4	0.12%	1,582,148.97	0.18%
18	Fashion and leather industry	7	0.21%	1,264,216.34	0.15%
14	Extraction of non-metallic non-energy minerals	5	0.15%	1,010,141.41	0.12%
61	Ocean transport	1	0.03%	942,070.14	0.11%
90	Activities in public sanitation	4	0.12%	916,104.33	0.11%
64	Postal services and telecommunications	7	0.21%	901,995.14	0.10%
02	Forestry management and timber farming	4	0.12%	510,199.83	0.06%
13	Extraction of metallic minerals	4	0.12%	500,956.09	0.06%
75	Public administration, defence and security	1	0.03%	270,250.00	0.03%
73	Research and development	2	0.06%	235,678.17	0.03%
41	Water intake, purification and distribution	2	0.06%	229,192.52	0.03%
35	Manufacturing other transport material	1	0.03%	216,606.28	0.03%
30	Manufacturing office and computer machines	1	0.03%	165,236.19	0.02%
	<b>Portfolio Total</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.1</b>	<b>100.00%</b>

**b) Information on the outstanding principal of the selected loans**

The following table shows the breakdown of the outstanding balance of the Loans on September 28 at the following intervals expressed in euros, as well as the average, minimum and maximum values.

<b>Loan portfolio at 28 September 2005</b>					
<b>Classification by Intervals of Outstanding Principal</b>					
<b>Interval of principal (euros)</b>		<b>Loans</b>		<b>Outstanding Principal</b>	
		<b>Number</b>	<b>%</b>	<b>Amount (euros)</b>	<b>%</b>
0	50,000	13	0.398%	629,548.82	0.07%
50,000	100,000	1,103	33.731%	80,376,762.37	9.29%
100,000	150,000	635	19.419%	77,861,696.44	9.00%
150,000	200,000	444	13.578%	77,208,519.56	8.93%
200,000	250,000	254	7.768%	56,598,033.43	6.54%
250,000	300,000	184	5.627%	50,181,779.19	5.80%
300,000	350,000	98	2.997%	31,609,386.04	3.65%
350,000	400,000	79	2.416%	29,472,018.67	3.41%
400,000	450,000	55	1.682%	23,239,527.87	2.69%
450,000	500,000	57	1.743%	26,779,941.33	3.10%
500,000	550,000	46	1.407%	24,095,046.98	2.79%
550,000	600,000	46	1.407%	26,253,014.97	3.03%
600,000	650,000	27	0.826%	16,615,218.90	1.92%
650,000	700,000	18	0.550%	12,098,505.23	1.40%
700,000	750,000	18	0.550%	12,973,201.85	1.50%
750,000	800,000	17	0.520%	13,155,183.88	1.52%
800,000	850,000	9	0.275%	7,374,304.08	0.85%
850,000	900,000	8	0.245%	6,983,984.42	0.81%
900,000	950,000	15	0.459%	13,869,986.48	1.60%
950,000	1,000,000	13	0.398%	12,573,979.27	1.45%
1,000,000	1,500,000	57	1.743%	69,009,778.32	7.98%
1,500,000	2,000,000	33	1.009%	57,091,496.49	6.60%
2,000,000	3,000,000	23	0.703%	53,668,367.75	6.20%
3,000,000	5,000,000	11	0.336%	42,410,317.77	4.90%
5,000,000	7,500,000	7	0.214%	42,948,346.70	4.96%
<b>Total portfolio</b>		<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>
<b>Average principal</b>				<b>264,549.83</b>	
<b>Minimum principal</b>				<b>34,681.38</b>	
<b>Maximum principal:</b>				<b>7,500,000.00</b>	



**c) Information about the applicable nominal interest rates: maximum, minimum and average rates for the selected loans**

The following chart shows the breakdown of the selected loans at intervals of the applicable nominal interest rate expressed as percentage on 28 September 2005, as well as the average, minimum and maximum values.

<b>Loan portfolio at 28 September 2005</b>					
<b>Classification by Nominal Interest Rate</b>					
<b>Interest Rate %/ Interval</b>	<b>Loans</b>		<b>Outstanding Principal</b>		
	<b>Number</b>	<b>%</b>	<b>Amount (euros)</b>	<b>%</b>	
2	2.49	15	0.46%	5,401,877.82	0.62%
2.5	2.99	862	26.36%	273,936,079.26	31.67%
3	3.49	1.053	32.20%	315,907,230.47	36.52%
3.5	3.99	847	25.90%	182,998,775.62	21.15%
4	4.49	362	11.07%	72,163,903.94	8.34%
4.5	4.99	54	1.65%	7,626,295.47	0.88%
5	5.49	44	1.35%	4,197,714.13	0.49%
5.5	5.99	16	0.49%	1,358,237.12	0.16%
6	6.49	12	0.37%	897,296.59	0.10%
6.5	6.99	5	0.15%	590,536.39	0.07%
<b>Portfolio Total</b>		<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>
<b>Weighted Average:</b>				<b>3.22%</b>	
<b>Simple Average:</b>				<b>3.34%</b>	
<b>Minimum:</b>				<b>2.11%</b>	
<b>Maximum:</b>				<b>6.80%</b>	

**d) Information on the maximum interest rates applicable to the selected loans**

. For part of the selected loans, a maximum nominal interest rate limits the variability of the applicable interest rate in an upward direction. The maximum nominal interest rates applicable to the loans selected on 28 September 2005, ranging between 6.00% and 14.49%.

The following table shows the distribution of the loans at intervals of 0.50% of the maximum interest rate applicable to calculate the nominal interest rate of the loans.

Loan portfolio at 28 September 2005				
Classification by Applicable Maximum Nominal Interest Rate				
Interval in %	Loans		Outstanding Principal	
	No. of Operations	%	Euros	%
6.00-6.49	1	0.03%	326,085.42	0.04%
6.50-6.99	0	0.00%	0.00	0.00%
7.00-7.49	0	0.00%	0.00	0.00%
7.50-7.99	0	0.00%	0.00	0.00%
8.00-8.49	1	0.03%	725,144.99	0.08%
8.50-8.99	0	0.00%	0.00	0.00%
9.00-9.49	23	0.70%	7,677,366.83	0.89%
9.50-9.99	27	0.83%	19,059,438.91	2.20%
10.00-10.49	2	0.06%	1,027,958.29	0.12%
10.50-10.99	0	0.00%	0.00	0.00%
11.00-11.49	5	0.15%	1,065,876.72	0.12%
11.50-11.99	0	0.00%	0.00	0.00%
12.00-12.49	1,971	60.28%	478,577,681.32	55.32%
12.50-12.99	1	0.03%	60,800.82	0.01%
13.00-13.49	0	0.00%	0.00	0.00%
13.50-13.99	0	0.00%	0.00	0.00%
14.00-14.49	1	0.03%	81,309.11	0.01%
<b>SIN Max. IR</b>	<b>1,238</b>	<b>37.86%</b>	<b>356,476,284.40</b>	<b>41.21%</b>
<b>Total</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

**e) Information on the minimum interest rates applicable to the selected loans**

For part of the selected loans, a minimum nominal interest rate limits the variability of the applicable interest rate in a downward direction. The minimum nominal interest rates applicable to the loans selected on 28 September 2005, ranging between 1.00% and 7.00%.

The following table shows the distribution of the loans at intervals of 0.50% of the minimum interest rate applicable to calculate the nominal interest rate of the loans.

<b>Loan portfolio at 28 September 2005</b>				
<b>Classification by Applicable Minimum Nominal Interest Rate</b>				
Interval in %	Loans		Outstanding Principal	
	No. of Operations	%	Euros	%
<b>1.00-1.49</b>	2	0.06%	481,458.91	0.06%
<b>1.50-1.99</b>	0	0.00%	0.00	0.00%
<b>2.00-2.49</b>	16	0.49%	9,900,326.24	1.14%
<b>2.50-2.99</b>	278	8.50%	104,348,722.76	12.06%
<b>3.00-3.49</b>	756	23.12%	208,545,238.39	24.11%
<b>3.5-3.99</b>	961	29.39%	186,076,997.14	21.51%
<b>4.00-4.49</b>	229	7.00%	53,700,592.50	6.21%
<b>4.50-4.99</b>	37	1.13%	4,529,959.36	0.52%
<b>5.00-5.49</b>	2	0.06%	131,258.54	0.02%
<b>5.50-5.99</b>	4	0.12%	2,320,532.77	0.27%
<b>6.00-6.49</b>	0	0.00%	0.00	0.00%
<b>6.50-6.99</b>	9	0.28%	4,350,731.63	0.50%
<b>7.00-7.49</b>	1	0.03%	64,409.60	0.01%
<b>SIN Min. IR</b>	975	29.82%	290,627,718.97	33.60%
<b>Total</b>	<b>3270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

**f) Information on geographic distribution by Autonomous Community**

The following chart shows the distribution of the loans by Autonomous Community, according to the Autonomous Communities where the debtor companies are domiciled.

Loan portfolio at 28 September 2005				
Classification by Self-Governing Region				
Regional Community	Loans		Outstanding Principal	
	Number	%	Amount (euros)	%
ANDALUSIA	186	5.69%	48,722,778.78	5.63%
ARAGON	78	2.39%	19,339,286.49	2.24%
BALEARIC ISLANDS	120	3.67%	33,580,482.60	3.88%
CANARY ISLANDS	124	3.79%	27,025,300.44	3.12%
CANTABRIA	13	0.40%	3,213,709.03	0.37%
CASTILLA Y LEON	95	2.91%	17,064,529.78	1.97%
CASTILLA-MANCHA	25	0.76%	8,976,210.64	1.04%
CATALONIA	1,560	47.71%	441,044,477.30	50.98%
REGION OF MADRID	389	11.90%	119,239,337.81	13.78%
REGION OF NAVARRRE	21	0.64%	3,868,777.50	0.45%
REGION OF VALENCIA	299	9.14%	55,732,472.45	6.44%
EXTREMADURA	6	0.18%	1,272,270.88	0.15%
GALICIA	72	2.20%	17,441,919.31	2.02%
LA RIOJA	12	0.37%	2,182,270.01	0.25%
BASQUE COUNTRY	64	1.96%	16,069,161.30	1.86%
REGION OF ASTURIAS	189	5.78%	43,477,704.18	5.03%
REGION OF MURCIA	17	0.52%	6,827,258.31	0.79%
<b>Total portfolio</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

**g) Table showing the ten debtors with the most weight in the portfolio**

The following chart shows the concentration of the ten debtors with the most weight in the portfolio of loans selected on 28 September 2005.

<b>Loan portfolio on 28 September 2005</b>				
<b>Classification by Debtor</b>				
	<b>Loans</b>		<b>Outstanding Principal</b>	
	<b>Loans</b>	<b>%</b>	<b>Amount (euros)</b>	<b>%</b>
Debtor 1	1.00	0.03%	7,500,000.00	0.87%
Debtor 2	4.00	0.12%	6,651,133.02	0.77%
Debtor 3	1.00	0.03%	6,600,000.00	0.76%
Debtor 4	1.00	0.03%	6,419,541.38	0.74%
Debtor 5	1.00	0.03%	6,000,000.00	0.69%
Debtor 6	1.00	0.03%	6,000,000.00	0.69%
Debtor 7	1.00	0.03%	5,228,805.32	0.60%
Debtor 8	1.00	0.03%	5,200,000.00	0.60%
Debtor 9	1.00	0.03%	4,871,980.81	0.56%
Debtor 10	1.00	0.03%	4,756,311.42	0.55%
Rest	3257	99.60%	805,850,174.86	93.15%
<b>Total</b>	<b>3,270.00</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

#### **h) Distribution by Interest rate of reference**

The following table shows the distribution of the Loans in accordance with the rate of reference interest applicable for the calculation of the nominal rate of interest of each one of them.

<b>Loan portfolio at 28 September 2005</b>				
<b>Classification by reference index of the interest rate</b>				
<b>Reference Index</b>	<b>Loans</b>		<b>Outstanding Principal</b>	
	<b>Number</b>	<b>%</b>	<b>Amount (euros)</b>	<b>%</b>
EURIBOR	3,093	94.59%	835,142,355.23	96.54%
I.R.P.H.	67	2.05%	15,581,007.56	1.80%
MIBOR	110	3.36%	14,354,584.02	1.66%
<b>Portfolio Total</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

**i) Distribution by Formalisation Date of the Loans**

The following table shows the breakdown of loans based on the Formalisation date (hereinafter the “**Formalisation Date**”).

Loan portfolio at 28 September 2005					
Classification by loan formalisation date					
Interval		Loans		Outstanding Principal	
Date of Formalisation		Number	%	Amount (euros)	%
01/01/1997	30/06/1997	9	0.28%	1,132,807.20	0.13%
01/07/1997	31/12/1997	11	0.34%	1,286,734.38	0.15%
01/01/1998	30/06/1998	18	0.55%	1,516,611.97	0.18%
01/07/1998	31/12/1998	23	0.70%	4,157,156.99	0.48%
01/01/1999	30/06/1999	38	1.16%	8,033,439.12	0.93%
01/07/1999	31/12/1999	40	1.22%	8,816,238.09	1.02%
01/01/2000	30/06/2000	50	1.53%	13,089,828.50	1.51%
01/07/2000	31/12/2000	39	1.19%	11,480,180.40	1.33%
01/01/2001	30/06/2001	47	1.44%	15,882,846.72	1.84%
01/07/2001	31/12/2001	67	2.05%	21,018,443.88	2.43%
01/01/2002	30/06/2002	107	3.27%	25,250,184.47	2.92%
01/07/2002	31/12/2002	131	4.01%	38,475,343.38	4.45%
01/01/2003	30/06/2003	190	5.81%	59,832,377.10	6.92%
01/07/2003	31/12/2003	273	8.35%	71,856,182.19	8.31%
01/01/2004	30/06/2004	570	17.43%	175,460,253.89	20.28%
01/07/2004	31/12/2004	760	23.24%	189,780,459.15	21.94%
01/01/2005	30/06/2005	897	27.43%	218,008,859.38	25.20%
<b>Total portfolio</b>		<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>
<b>Weighted average age</b>				<b>06/01/2004</b>	<b>1.73 years</b>
<b>Maximum age</b>				<b>30/01/1997</b>	<b>8.67 years</b>
<b>Minimum age</b>				<b>30/06/2005</b>	<b>0.25 years</b>

**j) Distribution by Date of Final Amortisation**

The following table shows the distribution of the Loans according to their date of final amortisation.

Loan portfolio at 28 September 2005				
Classification by final amortisation date				
Due Date	Loans		Outstanding Principal	
	Number	%	(euros)	%
2007	24	0.73%	9,232,763.22	1.07%
2008	23	0.70%	5,813,737.82	0.67%
2009	275	8.41%	64,921,081.33	7.50%
2010	504	15.41%	118,169,821.38	13.66%
2011	142	4.34%	37,582,047.80	4.34%
2012	327	10.00%	90,795,857.74	10.50%
2013	141	4.31%	45,204,497.73	5.23%
2014	269	8.23%	83,576,828.80	9.66%
2015	158	4.83%	48,278,842.72	5.58%
2016	186	5.69%	52,562,918.29	6.08%
2017	100	3.06%	28,990,586.78	3.35%
2018	146	4.46%	41,367,186.11	4.78%
2019	344	10.52%	105,282,697.11	12.17%
2020	104	3.18%	25,707,318.69	2.97%
2021	39	1.19%	6,412,568.78	0.74%
2022	69	2.11%	14,499,039.95	1.68%
2023	97	2.97%	19,160,178.66	2.21%
2024	115	3.52%	25,146,548.59	2.91%
2025	30	0.92%	7,178,215.03	0.83%
2026	14	0.43%	1,699,921.74	0.20%
2027	15	0.46%	2,541,909.33	0.29%
2028	31	0.95%	5,372,034.72	0.62%
2029	33	1.01%	6,232,470.88	0.72%
2030	7	0.21%	1,645,078.68	0.19%
2031	5	0.15%	999,710.08	0.12%
2032	17	0.52%	3,091,929.17	0.36%
2033	14	0.43%	2,375,838.64	0.27%
2034	38	1.16%	10,853,366.78	1.25%
2035	3	0.09%	382,950.26	0.04%
<b>Total portfolio</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>
	<b>Minimum amortisation period</b>		<b>31/01/2007</b>	<b>1.34 years</b>
	<b>Maximum amortisation period</b>		<b>30/04/2035</b>	<b>29.61 years</b>
	<b>Weighted average amortisation</b>		<b>14/10/2015</b>	<b>10.05 years</b>

**k) Distribution by guarantee type**

The following table shows the distribution according to the type of guarantee that underwrites same.

Loan portfolio at 28 September 2005				
Classification by Type of Guarantee				
	Loans		Outstanding Principal	
	No. of Operations	%	Amount	%
MORTGAGE	2,212	67.65%	609,995,475.51	70.51%
PERSONAL	1,058	32.35%	255,082,471.30	29.49%
<b>Portfolio Total</b>	<b>3,270</b>	<b>100.00%</b>	<b>865,077,946.81</b>	<b>100.00%</b>

**l) Indication of the existence of late payments of the principal or interest on the Loans and, if so, amount of the current principal of the loans more than 30 , 60 and 90 days in arrears.**

The following table shows the number of Loans, the outstanding principal not yet due and the due and unpaid principal of those selected loans which, on 28 September 2005, had some delay in the payment of the due and payable amounts.

Loan portfolio at 28 September 2005							
Late Payments of Instalments Due							
Day Interval	Loans		Unpaid Principal Due		Outstanding Principal Not Due		
	No. of Operations	%	Amount	%	Euros	%	
30	69	81.18%	128,651.17	72.48%	15,930,882.65	1.84%	
60	14	16.47%	43,966.98	24.77%	2,939,455.44	0.34%	
90	2	2.35%	4,874.44	2.75%	437,215.38	0.05%	
<b>Total</b>	<b>85</b>	<b>100.00%</b>	<b>177,492.59</b>	<b>100.00%</b>	<b>19,307,553.47</b>	<b>2.23%</b>	

All the selected Loans will be current in payment as of the Fund Formation Date.



### **2.2.3 Legal nature of the assets**

The assets are composed of Loans classified into two groups: (i) Non-Mortgage Loans formalized by private contract and (ii) Mortgage Loans formalized by public deed.

The assets contained in the balance of the non-mortgage loans will be pooled together by means of a direct assignment without issuing any negotiable securities whatsoever by the Assignor or their acquisition by the Fund, represented by the Fund Manager, in accordance with the provisions of the Civil Code and the Commercial Code. On the other hand, the mortgage loans will be pooled together by means of the Assignor issuing the Mortgage Transfer Certificates the Fund, represented by the Fund Manager, subscribing them pursuant to the terms of the Fifth Additional Provision of Law 3/1994 in the wording contained in Law 44/2002, Law 2/1981 and Royal Decree 685/1982, all as provided for in part 3.3 of this Supplemental addendum.

Part 2.2.2.h) above contains a table that shows the breakdown of the selected loans by the ancillary guarantees attached to each one.

### **2.2.4 Maturity or expiration date or dates of the assets**

Each one of the selected Loans has a due date, notwithstanding the periodical partial payments made pursuant to the special conditions of each loan.

At any given moment in the life of the loans, the debtors can repay part or all of the capital pending amortization, halting the accrual of interest on the part repaid in advance from the time that repayment occurs.

The final due date of the selected loans range between 31 January 2007 and 30 April 2035. Consequently, the last due date is 30 April 2035, which coincides with the Final Maturity Date of the Fund.

Part 2.2.2.g) above contains a table that shows the breakdown of the selected loans according to the due date of each loan.

### **2.2.5 Asset amount**

The Fund's assets will be composed of Non-Mortgage Loans and the Mortgage Transfer Certificates assigned and issued, respectively, by Banco de Sabadell, S.A., S.A., and selected from among those comprising the audited portfolio up to the amount equal or the nearest possible, by default, to seven hundred fifty million (750,000,000) euros.

The portfolio of selected Loans from which the Loans to be assigned to the Fund on the Formation Date will be extracted is composed of 3,270 loans, with an outstanding principal not yet due as of 28 September 2005 increasing to 865,077,946.81 euros and a due and unpaid principal amount of 177,492.59 euros.

Banco de Sabadell, S.A., S.A., will choose from among the selected Loans those which are current in their payments up to a total principal or capital that is at least equal to or slightly less than seven hundred fifty million (750,000,000) euros for its assignment to the Fund at the time of formation.

Part 2.2.2.b) above contains a table that shows the breakdown of the selected loans based on the principal pending maturity of each one.

### **2.2.6 Ratio of outstanding principal to the appraised value or level of over-collateralization.**

The selected loans with mortgage guarantees as of 28 September 2005 are 2,212 with an outstanding principal due increasing to 609,995,475.51 euros.

The ratio, expressed as a percentage, between the amount of the outstanding principal as of 28 September 2005 and the appraised value of the property guaranteed by the selected mortgage loans was between 2.66% and 108.26%, inclusively, with the weighted average of the outstanding principal on each Mortgage Loan at 51.09%.

Loan portfolio at 28 September 2005					
Classification by outstanding principal/appraisal value ratio					
Interval of Ratio	Loans		Outstanding Principal		
	Number	%	Amount (euros)	%	
0.00% - 9.99%	48	2.17%	8,831,282.54	1.45%	
10.00% - 19.99%	162	7.32%	35,893,107.49	5.88%	
20.00% - 29.99%	239	10.80%	65,293,648.85	10.70%	
30.00% - 39.99%	256	11.57%	71,401,534.87	11.71%	
40.00% - 49.99%	358	16.18%	115,510,389.57	18.94%	
50.00% - 59.99%	378	17.09%	95,826,992.24	15.71%	
60.00% - 69.99%	379	17.13%	111,505,549.84	18.28%	
70.00% - 79.99%	295	13.34%	67,310,007.27	11.03%	
80.00% - 89.99%	65	2.94%	19,710,138.44	3.23%	
90.00% - 99.99%	26	1.18%	17,572,429.86	2.88%	
> 100%	6	0.27%	1,140,394.54	0.19%	
<b>Portfolio Total</b>	<b>2,212</b>	<b>100.00%</b>	<b>609,995,475.51</b>	<b>100.00%</b>	
<b>Weighted Average:</b>			<b>51.09%</b>		
<b>Minimum:</b>			<b>2.66%</b>		
<b>Maximum:</b>			<b>108.26%</b>		

### 2.2.7 Asset Creation Method

The loans selected for assignment to the Fund were assigned by the Assignor following its habitual procedure for analysing and assessing the credit risk. The procedures used by Banco de Sabadell, S.A., S.A., are described below:

#### Analysis:

- Carried out by the designated Basic Management Teams each created by one individual from Banca Comercial and another from the Risk Management Unit.
- Is based on the 5 business and risk aspects described below.

#### 1- Functionality and management capacity

Corporate philosophy and objectives, constituent characteristics and their role in management, structure of organization and senior management, management style.

#### 2- Competitive market position

Type of product, degree of maturity and substitutability, sector to which it belongs, complexity, seniority, R&D of the production process, customer and supplier base, situation with competitors, market range, channels.

### 3- Economic and financial aspects

Balance sheet analysis, nominal account, development, tendency and projection, financial environment, partners, corporate group and degree of involvement, indebtedness and liquidity, cash flow generation, capacity for growth and self-financing

### 4- Economic and financial aspects

Knowledge of the customer and the group, antecedents, compensations and time management, asset/liability positions, relationship among company, partners and group, experience of third parties as payer, profitability of bank

### 5- Guarantees

Assessment of guarantees and of obligations with the bank and other financial service providers, liquidity and capacity to implement them, opportunity or necessity to have them.

- The RATING which indicates to us the probability that the customer will default in the next 12 months is determined from the overall assessment of these 5 aspects.

### **Decision:**

The decision is made from the assessment of the RATING, taking into account a series of information and parameters which can be summarized as follows:

- The consistency of the customer's application versus the customer's activity/business.
- Capacity to pay based on the customer's current and future situation.
- Guarantees given.

- That the overall working capital of the Bank is consistent with the total sales figure of the customer.
- That overall risks associated with our entity is proportional to the customer's own resources. This section will show a positive assessment if the balance sheet of the customer indicates the existence of its own real estate.
- The long-term operations that have more flexibility in terms of the percentage of own resources require greater involvement of the customer and/or greater and better guarantees.
- There is no limit to the servicing percentage (base rate of Banco de España)
- Databases of defaulting payers, both internal and external, shall be consulted (RAI, Asnef, etc.)
- We could be a suitable Principal Bank of customers with average and high ratings. When it comes to customers with low ratings, however, we will try to boost their solvency by means of additional guarantees or lower the inherent risks.

**Autonomous regions:**

- The decision-making cycle has two distinct levels with a degree of autonomy assigned to each one. This degree is assigned based on the actual function fulfilled by each of them. Each of these levels has the entity of the Basic Management Team formed by one individual from Banca Comercial and one from Risks. These two have to approve operations by consensus. If they do not come to an agreement, they shall submit the decision to a higher level.
- The degree of autonomy of each one of these levels is augmented or diminished by the quality of the RATING.
- Certain characteristics of the customer and/or risk requested can have exceptions with regard to the generally assigned autonomy (e.g. risks of: Advisers of the Entity, Special sectors, Political parties, etc.)

**Follow-up:**

- To obtain a level with an excellent risk quality, it is necessary to do a comprehensive follow-up of the portfolio once the loans are in effect. This is in addition to having several rating systems and performing a thorough analysis of risk assignment.

- The comprehensive follow-up system identifies those customers who show signs that can involve a deterioration of solvency and hence could present problems in the future. Once these customers are identified, a complete analysis will be made. Once complete, the decision will be made on the matter. This decision can be any of the following:
  1. OK: Customers with this rating continue to normally pursue their relationship although a new revision date will be indicated in some cases.
  2. CUSTOMER TO BE TERMINATED: These are customers with which there is no desire to continue the commercial relationship and hence the form of termination is being planned.
  3. PRE-LITIGATION: Customers under pre-litigation are those who are in a problematic situation but, because of their specific characteristics, guarantees and other coincident factors, can be prevented from resorting to litigation by means of preventive and extraordinary management or, if this cannot be avoided, does so under better conditions (more guarantees, documents from senior management, etc.)
  4. LITIGATION: Customers against whom it has been decided to bring a lawsuit for being in a very complicated and normally irreversible situation. The Recovery Department is responsible for managing the files forwarded to them, provided however the Basic Management Team assists in recovering the debt. Nevertheless, the Recovery Department has to be notified and its authorization sought before any decision is made about these accounts. Failure to do so could result in a situation that might obstruct the initiated proceedings.

### **2.2.8 Representations of the Issuer in relation to the assets**

The Assignor, as holder of the Loans until their conveyance to the Fund, and as issuer of the Mortgage Transfer Certificates on the Fund formation date, declares the following to the Fund Manager, in representation of the Fund, and to the Bonds Issue Underwriting and/or Placement Entities:

#### **Regarding the Assignor:**

- 1) That it is an entity duly formed in accordance with applicable law, registered in the Companies Registry and the Bank of Spain's Register of Credit Entities, and is authorised to grant loans to small and medium enterprises, and to act in the mortgages market.

- 2) That on the Date of Registration of the Prospectus, it has not been declared insolvent which might give rise to the bankruptcy proceedings being instigated.
- 3) That it has obtained all the necessary authorisations, both administrative and corporate, including, if applicable, those issued by third parties that could affect the assigning of the Loans for transferring them to the Fund, and the Issue of Mortgage Transfer Shares, as well as for the valid granting of the Deed of Formation date, the undertakings assumed therein and all other contracts related to the Fund formation date.
- 4) That it is in possession of audited accounts for the years ending December 31, 2002, December 31, 2003 and December 31, 2004 with the favourable opinion of the Auditors, and that it has deposited such annual accounts in the audit reports with the CNMV (National Securities Market Commission) and Companies Registry.
- 5) That a Framework Agreement of collaboration has been signed between the Ministry of Industry, Tourism and Commerce, pursuant to annexe II of the Order dated December 28 2001 (hereinafter, the *“Framework Convention of collaboration between the Ministry of Industry, Tourism and Commerce and the Banks to determine the loans that may be transferred to asset Securitisation funds created to favour business finance”*).

### **Regarding the Loans**

- 1) That all the Loans are duly formalised, either through a deed or a private contract, and that Banco de Sabadell, S.A. retains a simple copy of the public deed or contract for perusal by the Fund Manager, as applicable.
- 2) That all the Loans exist and are valid and may be foreclosed, in accordance with the applicable law.
- 3) That the Assignor is the rightful owner of all the Loans, which are free from encumbrances and claims and that is no impediment to their being transferred to the Fund.
- 4) That all the Loans are in Euros, and payable exclusively in Euros.
- 5) That the data relating to the Loans included as Annexes 6.1 and 6.2 to the Fund Deed of Formation date fully reflect the current situation, as shown in the contracts documenting the Loans and the Finance Operations

computer files, and that such data are correct, complete and do not lead to erroneous assumptions. Similarly, any other additional information on the characteristics of the Loans portfolio of the Assignor included in this Prospectus is correct, and does not lead to erroneous assumptions.

- 6) That at the time of their formalisation, the Loans had a repayment term of no less than one year.
- 7) That the criteria set forth in the respective "Internal Memorandum on Finance Operations", included in section 2.2.7 of the present Supplemental addendum are those normally applied by the Assignor to grant finance operations with small and medium enterprises.
- 8) That in granting the loans included in the portfolio, it has at all times abided by the criteria established by the Assignor on each pertinent date.
- 9) That all the Loans are clearly identified both in terms of computer format and in terms of contracts or deeds, in possession of the Assignor and have been analysed and monitored by the Assignor from the time they were granted, in accordance with the habitual procedures established.
- 10) That since the time they were granted, all the Loans have been and continue to be administered by the Assignor in accordance with the procedures normally used by the latter in the administration of finance operations to small and medium enterprises.
- 11) That it has no knowledge of the existence of litigations of any kind in relation to the Loans that could impair the validity and exactibility of such Loans. Furthermore, the Assignor declares that, to the best of its knowledge, none of the Debtors of the Loans transferred have been declared bankrupt.
- 12) That the Assignor has no knowledge of any Debtor of the Loans being in a position to oppose the compensation, as the result of such Debtor holding any rights over the loan to the detriment of the Assigner.
- 13) That none of the Debtors is in a position to make any objection whatsoever before the Assigner for the payment of any amounts that have to do with the Loans.
- 14) That in the respective contracts documenting the Loans, no clauses exist that could be an impediment to the transfer of those Loans or in which authorisation of any kind is necessary to carry out that transfer, except those which have been duly obtained prior to the Fund formation date. Likewise, that all the requirements that, if necessary, were set forth in the



contract documenting the Loans regarding the transfer have been complied with.

- 15) That on the Fund formation date , all the Loans will be up to date in respect of payment.
- 16) That on the Fund formation date , the Mortgage Loans will account for approximately 70% of the total Loans pooled in the Fund, and the non-Mortgage Loans will account for approximately the remaining 30%.
- 17) That, on the Fund formation date , no notification of total early repayment of the Loans has been received.
- 18) That none of the Loans have a final maturity date after April 30, 2035.
- 19) That the capital or principal of all the Loans has been fully used up.
- 20) That payment of interest and principal on all the Loans is done by bank debit.
- 21) That at the date of the transfer to the Fund, at least one payment has matured for each of the loans.
- 22) That in accordance with its internal records, none of the Loans corresponds to finance extended to property investors for the construction or refurbishing of homes and/or stores to be put up for sale.
- 23) That the Loan guarantees are valid and may be foreclosed, in accordance with the applicable law, and that the Assigner has no knowledge of the existence of any circumstance that could hinder the foreclosure of such Loans.
- 24) That no person has a preferential right over the right of the Fund, as the owner of the Loans, with regard to collection of the amounts arising from these, except in the case of legitimate preferential rights.
- 25) That the Finance Operations referred to in the Loans have been granted to non-financial, small and medium Enterprises based in Spain, to finance their business activities, of which at least 90% have been granted to small and medium enterprises in accordance with the definition given by the European Commission (European Commission Recommendation 2003/361/EC of May 6, 2003 on the definition of small and medium enterprises).
- 26) That both the granting of the Loans and the transfer of such Loans to the Fund, and all aspects thereto related have been carried out based on market criteria.

- 27) That the data and information related to the Loans selected for transfer to the Fund as set forth in section 2.2.2. of this Supplemental addendum are a true reflection of the situation on the date to which they correspond, and are correct and complete.
- 28) That no leasing contracts exist in the selected portfolio.
- 29) That on the Fund formation date , the final portfolio of loans will be selected based on the following criteria: i) all loans that are up to date in respect of payments and ii) loans for amounts not exceeding the aggregate principal outstanding of each debtor until a total principal or capital is reached that is equal to or as close as possible to seven hundred and fifty million (750,000,000) euros.
- 30) That all the loans have a regular repayment schedule that has been previously established.
- 31) That none of the loans contains clauses that permit the deferment of regular payments of interest.
- 32) That the maximum risk exposure granted to one debtor (defined as the sum of the outstanding balances of all the loans granted to a single Debtor) shall not exceed 7,500,000,000 euros as at September 28, 2005, equivalent to 0.087% of the portfolio.

**Regarding the Mortgage Loan Transfer Certificates and Mortgage Loans.**

- 1) That the Board of Directors of the Assignor has validly adopted all the resolutions necessary for the transfer of the Mortgage Loans and the issue of the Mortgage Transfer Certificates.
- 2) That the data related to the Mortgage Loans included in the Multiple Title are a correct reflection of the current situation, as expressed in the computer files and physical dossiers of those Mortgage Loans, and that they are correct and complete.
- 3) That the Mortgage Transfer Certificates are issued under the terms of article 18 of Act 44/2002, incorporating a new paragraph into section two of additional provision five of Act 3/1994, and other applicable regulations.
- 4) That all the Mortgage Loans are guaranteed by a real estate mortgage, over the full dominion of each and every one of the properties mortgaged,

without such loans being subject to prohibition in terms of use, resolutive clauses or any other limitation of dominion.

- 5) That all the Mortgage Loans are formalised in a public deed, and all the mortgages are duly constituted and entered in the pertinent Land Registers, and that the inscription data coincide with those mentioned in the pertinent Multiple Title. That inscription of the mortgaged properties is valid, and with no contradictions.
- 6) That all the properties appraised have been appraised by appraisal companies that are duly entered in the Bank of Spain registers, and that the appraisal is accredited by the corresponding certificate.
- 7) That the Mortgage Loans do not contain any of the characteristics of the excluded or restricted loans under article 32 of Royal Decree 685/1982 serving as cover for the issue of mortgage transfer certificates.
- 8) That the Mortgage Loans are not instrumented as securities, either registered, to the order or to the bearer, except for Mortgage Transfer Certificates that are issued for subscription by the Fund.
- 9) That the Mortgage Loans are not pledged for the issue of mortgage bonds, mortgage shares or mortgage transfer certificates other than the issue of the Mortgage Transfer Certificates and, from the date of the issue of these, the Mortgage Loans will not be pledged for any issue of mortgage warrants, mortgage bonds, mortgage shares or other mortgage transfer certificates.
- 10) That the properties serving as guarantees for the Mortgage Loans are properties that have been terminated and located in Spain.
- 11) That the Mortgage Transfer Certificates are issued for the same term that remains until maturity and at the same interest rate for each of the Mortgage Loans to which they pertain.
- 12) That no person has any preferential right to that of the Fund over the Mortgage Loans as the owners of the Mortgage Transfer Certificates.

The present representations are made by Banco de Sabadell, S.A. after carrying out the opportune checks on a selection of Loans. For the purpose of section 2.2.9. below, these checks are not sufficient to guarantee that during the term of the Loans, any of them or the pertinent Mortgage Transfer Certificates may, on the Fund Formation Date, be found not to be in keeping with the representations

contained in the present section 2.2.8, in which case the provisions of section 2.2.9. below shall apply.

At all events, the above does not imply that the Assignor grants any type of guarantee or subscribes a repurchase pact or agreement of any kind, or assures the proper outcome of the operation.

#### 2.2.9. Substitution of the securitised assets

In the event that during the life of the Loans, any of these were found not to be in keeping with the representations made in section 2.2.8 of the present Supplemental addendum at the time of the Fund formation date , the Assignor undertakes to do the following, after being authorised by the Fund Manager:

a) To repair the vice within a term of 30 days starting from the time it was made aware of the vice or from the time of the pertinent notification made by the Fund Manager to the Assignor, informing of the existence of the referred vice.

b) In the event of it not being possible to repair the vice in accordance with the provisions of section a) above, the Fund Manager will ask the Assignor to substitute the corresponding Loan for another with similar financial characteristics in respect of Outstanding Balance, remaining term, interest rate, guarantee, frequency of payment and internal rating, which is acceptable to the Fund Manager within a maximum term of 30 days. In the event of a positive difference between the Loan substituted and the balance of the new Loan, that difference will be credited to the Treasury Account.

In the case of Mortgage Loans, the Assignor undertakes to substitute the corresponding Mortgage Transfer Certificate for another with similar financial characteristics, which is acceptable to the Fund Manager, and provided this does not have a negative effect on the rating of the Bonds granted by the Rating Agencies. If any Mortgage Transfer Certificate is substituted, the Assignor shall proceed to issue a new Multiple Title which shall be exchanged for the one delivered by virtue of the provisions of this Prospectus.

As soon as the Assignor becomes aware of any Loan transferred by it not being in keeping with the representations made in section 2.2.8. of the present Supplemental addendum, it must notify the Fund Manager of this, and inform it of the Loans it proposes to transfer to substitute the affected Loans.

En all cases, when substituting any Loan, the Assignor shall accredit that the Loan substituting it is in keeping with the representations made in section 2.2.8, of the present Supplemental addendum.

The Assignor undertakes to formalise the transfer of the Loans it substitutes in a notarised document and in the manner and term set forth by the Fund Manager, and to provide all information on these Loans, as is considered necessary by the Fund Manager.

c) As well as the obligations undertaken in sections a) and b) above and in all cases in which a remedy must be found, and no remedy is applied or it is not possible to find a remedy or a substitution is in order and is not possible, in the founded opinion of the Fund Manager, as notified to the Assignor and the National Securities Market Commission (CNMV), the Assignor undertakes to return in cash the amount of the principal of the pertinent Loans, and interest on the Loan due and not paid up to that date, as well as any other amounts that could correspond to the Fund, which shall be deposited in the Treasury Account.

In any of the above instances, the above-mentioned substitution of Loans shall be notified to the CNMV and the Rating Agencies.

#### **2.2.10 Relevant insurance policies related to the securitised assets.**

Not applicable.

#### **2.2.11. Information relating to the debtors in cases in which the securitised assets include obligations of 5 debtors or less who are companies or if one debtor represents 20% of more of the assets, or if the debtor accounts for a substantial part of the assets**

Not applicable

#### **2.2.12 Information on the relationship between the issuer, the guarantor and the debtor, if this is important for the issue**

No relationship exists between the Fund, the Assignor, the Fund Manager and other entities intervening in the operation, other than those set forth in sections 5.2 and 6.7 of the Registration Document.

**2.2.13 If the assets include fixed income securities, a description of the most important conditions**

Not applicable

**2.2.14 If the assets include variable income securities, a description of the most important conditions**

Not applicable

**2.2.15 If the assets include variable income securities not negotiated in regularised markets or equivalent in the event of them representing more than ten (10) per cent of the securitised assets, a description of the most important conditions**

Not applicable

**2.2.16 Reports on the valuation of the properties and cash flows/earnings in which a considerable portion of the assets is backed by real estate**

The appraised values of the properties used as collateral for the selected loans refer to the appraisals done by the appraisal firms when the selected mortgage loans were initially granted and formalised.

**2.3 Actively managed assets backing the issue**

Not applicable

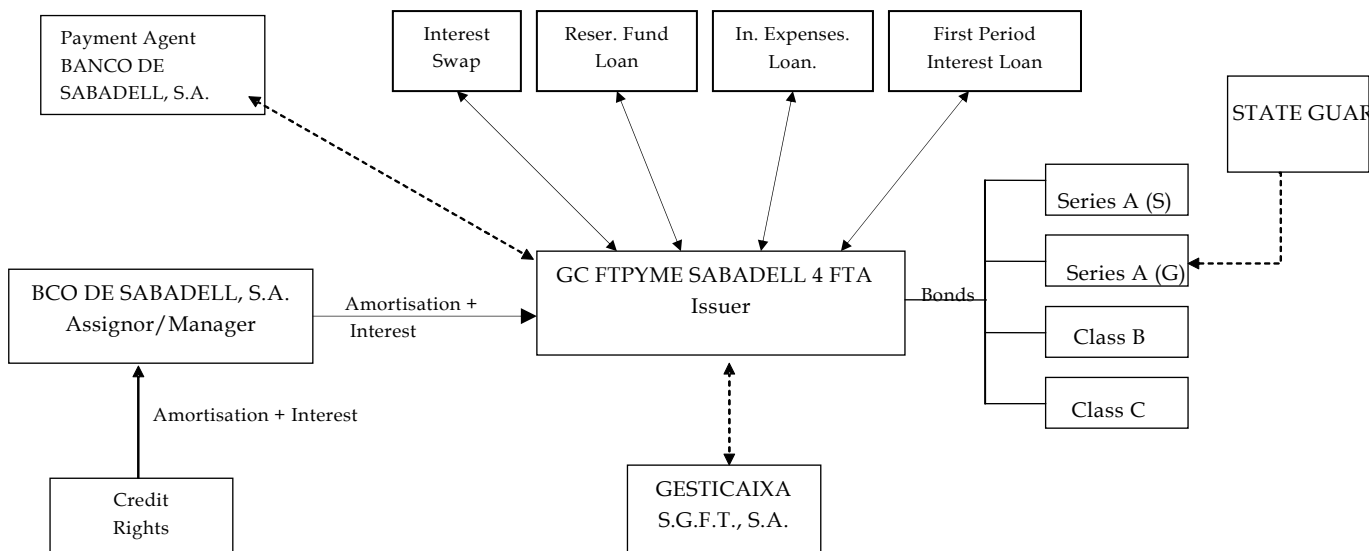
**2.4 Declaration if the issuer proposes issuing new securities backed by the same assets and description of how the holder of that class will be informed.**

Not applicable

### 3. STRUCTURE AND TREASURY

#### 3.1 Description of the structure of the operation, including a diagram, if necessary

##### Diagram



### Initial Balance of the Fund

The balance for the Fund in euros at the end of the Disbursement Date will be as follows:

ASSETS		LIABILITIES	
<b>Fixed Assets</b>	<b>750,661,000</b>	<b>Issue of Bonds</b>	<b>750,000,000</b>
Loans	750,000,000	Series A(S)	549,400,000
		Series A(G) Bonds	162,300,000
Initial Expenses (*)	661,000	Series B Bonds	24,000,000
		Series C Bonds	14,300,000
<b>Current Assets</b>		<b>Long Term Debts</b>	<b>8,536,000</b>
Treasury Account (**)	7,875,000	Initial Expenses Loan	661,000
Amortisation Account	0	Reserve Fund Loan	7,875,000
<b>Total</b>	<b>758,536,000</b>	<b>Total</b>	<b>758,536,000</b>

(\*) The estimated formation expenses are described in section 6 of the Prospectus Schedule.

(\*\*) It is assumed that all formation fees of the Fund and the Bond Issue will be paid on the Disbursement Date; therefore said expenses are shown in the previous balance.

### 3.2. Description of the entities participating in the issue and their functions

Description of the entities participating in the issue and their functions are covered in section 5.2 of the Deed of Formation and in section 3.1 of the Prospectus Schedule.

### Amendment of contracts relative to the Fund

The Fund Manager may extend or modify the contracts signed in the name of the Fund and replace each one of the service lenders to the Fund by virtue of said contracts. Furthermore, additional contracts may be signed providing that they are in accordance with existing legal provisions at that specific time and there are



no circumstances that prevent the foregoing. In any case, such actions shall require the Fund Manager to give prior notice to the CNMV or the authorisation of the latter, if appropriate, or competent administrative body. Notification must also be given to the Ratings Agencies and said actions must not jeopardise the rating awarded to the Bonds by said Agencies. Furthermore, such changes shall not require the amendment of the Deed of Formation in as much as there is no change to the Fund's Payment Priority Order.

### **Substitution of participants**

If any of the participants in this Securitisation operation were to breach their contractual obligations or in the event of a corporate, regulatory or court decision ordering the settlement, dissolution or receivership of any of them, or if any of them were to file for bankruptcy or if a request filed by a third party were admitted, the Fund Manager would be entitled to terminate the agreements linking them to the Fund provided that such termination is permitted under the law. Following the termination of the agreement as provided for under the law, the new participant would be designated by the Fund Manager after consulting with the competent administrative authorities so as not to impair the credit rating assigned by Rating Agencies to the Bonds issued by the Fund.

Any such substitution must be communicated to the CNMV, Rating Agencies and the Assignor.

### **Subcontracting of participants**

The participants in the GC FTPYME SABADELL 4 Securitisation operation, according to their respective contracts, shall be authorised to subcontract or delegate third parties of recognised solvency and capacity to provide any of the committed services, provided that they are legally able to do so and (i) the prior written consent of the Fund Manager is obtained, (ii) the rating assigned by Rating Agencies to the Bonds is not impaired and provided always that (iii) the subcontractor or delegate waives the right to take any action against the Fund. They shall likewise be authorised to terminate such subcontracts and/or delegations. The said subcontracting or delegation may not involve any additional cost or expense for the Fund or the Fund Manager. Notwithstanding any subcontract or delegation, the participants shall not be released or exonerated

from any of the responsibilities regulated under the respective contracts. Subcontractors must comply with the rating level conditions imposed by the Rating Agencies in the performance of their roles.

The replacement will not affect the rating assigned to the Bonds by Rating Agencies. The Fund Manager will notify the CNMV of all subcontracts, if legally required, and shall obtain the latter's prior consent.

### **3.3 Description of the method and date of the sale, transfer, novation or assignment of the assets or any obligation and/or right to the assets to the issuer.**

#### **3.3.1. Formalisation of the assignment of the Loans**

The assignment of the Loans by the Assignor for acquisition by the Fund and the grouping together of these Loans as the Fund's assets is governed by Spanish law and bound by the courts and tribunals of Barcelona.

The assignment of the non-mortgage loans by Banco de Sabadell, S.A. and their acquisition by the Fund and the issue of the Mortgage Transfer Certificates by Banco de Sabadell, S.A. and their subscription by the Fund shall be formalised by means of the execution of the Fund Formation Deed (hereinafter, the "*Fund Formation Deed*"), in force on the same date.

The debtors shall not be notified of the assignment by Banco de Sabadell, S.A. For this purposes, the notification is not a requirement for the validity of the assignment of the Loans.

#### **Assignment of Non-Mortgage Loans**

The Non-Mortgage Loans will be assigned directly without issuing any negotiable security whatsoever. The Assignor will assign and transmit to the Fund on the Fund Formation Date, which is scheduled for 21 October 2005, (hereinafter, the "*Formation Date*") which for these purposes shall be considered the assignment date (hereinafter, the "*Assignment Date*") its full interest in the

Non-Mortgage Loans for a total amount equal to the outstanding unmatured balance of the Non-Mortgage Loans on the Assignment date, which on said date will be approximately 30% of the portfolio. The Fund will acquire them for amount previously mentioned, with all its rights, except for the obligations which will continue to be born by the Assignor, pursuant to the following sections.

The Non-Mortgage Loans will begin to accrue interest in favour of the Fund from the Assignment Date.

The assignment shall be full and unconditional and shall be for the total remaining period from the Formation Date until the due date of the Non-Mortgage Loans, notwithstanding the provisions of part 4.4. of the Registration Document which makes reference to the Assignor's right of first refusal to the remaining loans upon the settlement of the Fund, although this right shall not, under any circumstances, be construed as an agreement or declaration of repurchase of the loans assigned by the Assignor.

#### **Assignment of the Mortgage Loans**

The Mortgage Loans will be assigned to the Fund by the Assignor by issuing Mortgage Transfer Certificates (hereinafter, "*Mortgage Transfer Certificates*") corresponding to the Mortgage Loans in order to pool them in the Fund, which will then be subscribed by the Fund, represented by the Fund Manager, as established in the Fifth Additional Provision of Law 3/1994 in the wording contained in the Financial System Reform Measures Act 44/2002 (hereinafter, "*Law 44/2002*"), in the Mortgage Market Regulation Act 2/1981 of 25 March (hereinafter "*Law 2/1981*") and in Royal Decree 685/1982 of 17 March on the Regulation of the Mortgage Market (hereinafter, "*Royal Decree 685/1982*").

The Assignor will issue on the Formation Date, effective as of that date, one Mortgage Transfer Certificate for each Mortgage Loan assigned whose outstanding balance as of the Fund Formation Date shall represent 70% of the total portfolio.

Each Mortgage Transfer Certificate refers, as of the Assignment Date, to 100% of the Outstanding Principal on each one of the Mortgage Loans and accrues interest

at a rate equal to the nominal interest rate applicable to the corresponding Mortgage Loan at any given moment.

The Mortgage Transfer Securities shall accrue interest from the Assignment Date.

The Mortgage Transfer Certificates are represented by means of a nominative Multiple Title issued by the Assignor representing all of the Mortgage Transfer Certificates. The said Multiple Title will contain the information required by article 64 of Royal Decree 685/1982 of 17 March, amended by Royal Decree 1289/1991 of 2 August, along with the registration information on the mortgaged property used to guarantee the Mortgage Loans. The transmission of the Mortgage Transfer Certificates will be limited to institutional or professional investors and may not be acquired by the public at large.

The Fund Manager will deposit the Multiple Title with the Payment Agent, acting for these purposes as the receiver in accordance with the terms of the Payment Agency Agreement.

The assignment of the Mortgage Loans, implemented by means of the Mortgage Transfer Certificates issued by the Assignor and their subscription by the Fund, represented by the Fund Manager, shall be full and unconditional and shall be for the total remaining period from the Formation Date until the due date of the Non-Mortgage Loans, notwithstanding the provisions of part 4.4. of the Registration Document which makes reference to the Assignor's right of first refusal to the remaining loans upon the settlement of the Fund, although this right shall not, under any circumstances, be construed as an agreement or declaration of repurchase of the loans assigned by the Assignor.

The Mortgage Transfer Certificates will be transferable through written declaration on the same title and, in general, through any of the means allowed by law. The transfer of the Mortgage Transfer Certificate and the domicile of the new titleholder shall be notified by the acquirer to the issuer of the same, its acquisition or tendency being reserved for institutional or professional investors without being able to be acquired by the non-specialized public.

In the event of either having to substitute any of the Mortgage Transfer Certificates, as described in section 2.2.9 of this Supplemental Addendum, or in

the event the Fund Manager, in representation and on behalf of the Fund, proceeds with the execution of a Mortgage Loan, as set forth in section 3.7.2 Supplemental Addendum, as well as, if proceeding to the early settlement of the Fund, in the circumstances and conditions set forth in section 4.4.3 herein, the sale of the cited Mortgage Transfer Certificates takes place, Banco de Sabadell, S.A. undertakes to split, if appropriate, any multiple title into as many individual or multiple titles as necessary, to substitute it or exchange it so as to achieve the foregoing aims.

Banco de Sabadell, S.A., as the issuer, will keep a special book where the Mortgage Transfer Certificates issued and the address changes notified by the owners of the Mortgage Transfer Certificates shall be recorded, stating (i) the date of formalisation and maturity of the Mortgage Loan, the amount of same and the method of settlement ; and (ii) the public records data for the mortgage that guarantees the Mortgage Loan.

Given the institutional character of the investors of the Fund and the subscription by them to the Mortgage Transfer Certificates, in accordance with the second paragraph of article 64.1, of Royal Decree 685/1982, the issue of the Mortgage Transfer Certificates will not be the object of marginal note in each inscription of the corresponding Mortgage Loans in the Property Registry.

### **Effectiveness of the assignment**

The assignment of the Loans and the issue of the Mortgage Transfer Certificates shall be fully effective for both parties on the Assignment Date, which coincides with the Formation Date.

### **Price of the Assignment**

The price of the assignment of the Loans shall be equal to the amount, on the Formation Date, of the sum of the outstanding balance of the loans (hereinafter the "initial balance" or "initial outstanding balance"), which on the Formation Date will be approximately (750,000,000) euros, which shall be paid by the Fund Manager on behalf of the Fund to the Assignor on the Disbursement Date, with the same value date, once the Fund has received the subscription price of the

Bonds. The difference between the subscription price for the Bonds and the Outstanding Balance will be paid in the Treasury Account.

**The liability of the Assignor as the Assignor of the loans.**

The Assignor, pursuant to article 348 of the Commercial Code, is only liable to the Fund for the existence and legitimacy of the Loans in the terms and conditions declared in the Fund Formation Deed and the Prospectus to which this document pertains, as well as the status with which the assignment is performed, but does not assume any liability for non-payment by the Debtors of the Mortgage Loans and the Non-Mortgage Loans, be it the principal or the interest on the Credit Rights or any other sum owed by them pursuant to the Mortgage Loans or Non-Mortgage Loans, whichever applies.

The Assignor does not assume any liability for the effectiveness of the ancillary guarantees of the Loans. Neither will it assume, in any other way, responsibility in guaranteeing the successful outcome of the operation, nor execute guarantees or security, nor enter into pacts for the repurchase or substitution of the Loans, in accordance with that set forth in part 2.2.9. of this Supplemental Addendum, all in fulfilment of that set forth in Royal Decree 926/1998 and other applicable legislation.

All of this notwithstanding the Assignor's liability for the administration of the assigned loans pursuant to the provisions of the Administration Agreement and Initial Expense Loan Agreement, the Loan for First Period Interest and the Loan for the Reserve Fund, and notwithstanding the liability derived from the representations made by the Assignor and contained in part 2.2.8. of this Supplemental Addendum. Until the Assignment Date, the Assignor will continue to assume the risk of insolvency of the Debtors.

If the Fund were obliged to pay third parties any sums in connection with the assignment of the Loans not paid on the Assignment Date due to the fact that the information on the Loan provided by the Assignor was incomplete, the Assignor will be liable to the Fund for any damages, costs, taxes or fines levied on the Fund.

### **Advance payment of funds**

The Assignor will not make any advance payment to the Fund on behalf of the Debtors, be it for the principal or interest of the Loans.

### **Rights conferred on the Fund by the assignment of the Loans**

The Fund, as the owner of the Loans, shall be vested with the rights of the Assignee recognised in article 1.528 of the Civil Code. More specifically, it shall be entitled to receive all payments made by Debtors starting on the Formation Date and all other payments associated with the Loans.

In particular and without it having a limiting character, but rather a merely expository character, the assignment will confer to the Fund the following rights in relation to each of the Loans:

- a. To receive the total of the amounts that accrue and are paid through the reinvestment of capital or principal of the Loans.
- b. To receive the full amount of the sums accrued of the ordinary interest on the capital of the Loans from the Formation Date.
- c. To receive any other amounts, goods, or rights that are received by Banco de Sabadell, S.A., in payment of the principal, ordinary interest, both through the auction price or amount determined by judicial ruling or notary executive process in the execution of the mortgage or non-mortgage guarantees, as well as through the sale or exploitation of the adjudicated real estate or goods or, as a consequence of the aforementioned enforcements, in interim administration and possession of the real estate in the process of enforcement up to the amount assigned and underwritten.
- d. To receive whatsoever other payment that Banco de Sabadell, S.A. receives through the Loans, such as the rights derived from any

accessory right to same, the rights or indemnifications that correspond to same through any insurance contract with regard to the goods that, if appropriate, are mortgaged in guarantee of the Mortgage Loans, up to the amount underwritten and assigned with the exception of arrears interest, commissions charged for unpaid bills, subrogation commissions, redemption/early cancellation fees, as well as any other commission or compensation that corresponds to Banco de Sabadell, S.A.

The amounts paid into the Fund as returns with respect to the yield of the Mortgage transfer certificates, Mortgage Transfer Certificates, loans or other credit rights that constitute Fund revenue, shall not be subject to withholdings as provided for in article 59 k) of Royal Decree 1777/2004 of 30 July which approved the Corporate Income Tax Regulation.

1. In the event of early amortization of the Loans by full or partial repayment of the principal, the substitution of the affected Loans shall not take place.
2. The rights of the Fund resulting from the Loans are linked to the payments realised by the Debtors, and as a result remain directly affected by the evolution, delay, early amortization or any other development regarding the Loans.
3. The Fund will assume all possible expenses or costs that are charged to the Assignor deriving from the collection process in the case of default by the Debtors on their obligations, including the exercise of legal action against the same, pursuant to section 3.7.2 of this Supplemental Addendum.

### **3.4 Explanation of the flow of funds**

#### **3.4.1 How the flow of assets will be used to fulfil the assignor's obligations to the holders of the securities.**

Payment by the Fund Administrator of the amounts received through the Loans that it administers shall be made in the following way:



The Assignor will transfer to the Fund's Treasury Account all sums received for any item to which the Fund is entitled on the assigned Loans it administers. The payments will be made by transfer on each Collection Date with the same value date.

The Fund's Collection Dates will be all Business Days in which payments are made by the Debtors with regard to principal and interest of the Loans.

If the Fund Manager considers it necessary in order to better defend the interests of the Bondholders, and only in the event of the mandatory replacement of the Assignor as the administrator of the Loans, the Fund Manager will instruct the Assignor to notify each and every one of the debtors of the Loans that, as of the date of the notice, they should make all payment on their loans directly to the Treasury Account open in the Fund's name. However, if the Administrator fails to notify the Debtors within three (3) business days of being required to do so, or if the administrator goes bankrupt, the Fund Manager itself will notify the Debtors directly.

Under no circumstances will the Assignor pay any amount whatsoever into the Fund that it has not received from the Debtors as payment of the Loans.

Quarterly, on each Payment Date, the accrued interest will be paid to the Bondholders of Class A, B, and C bonds and the principal of Class A, B, and C Bonds will be repaid pursuant to the conditions established for each one of them and the Payment Priority Order contained in parts 4.8 and 4.9 of the Prospectus Schedule and the Payment Priority Order pursuant to section 3.4.6 of this Supplemental Addendum.

On each Payment Date, the Funds Available to cover for the obligations of the Issuer with the Bondholders will be the income from the Mortgage and Non-Mortgage Loans on principal and interest computed on each Determination Date, the interest accrued from the Treasury Account, and the Amortisation Account, and the Net Amount in favour by virtue of the Swap Agreement, and the Reserve Fund, the proceeds of the settlement, in such case, and when applicable, of the Assets of the Fund, and as applicable, the amounts from the State Guarantee.

Up to and including the Payment Date on the 21 March 2007, all amounts applied to the amortisation of the Bonds will be deposited in the Amortisation Account

and will be used in their entirety starting on the Payment Date and through the Payment Date falling on the 21 June 2007, inclusive, for the effective amortisation of the Bonds in Classes A, B and C pursuant to the regulations governing the Distribution of Funds Available for Amortisation contained in part 4.9.4 of the Prospectus Schedule.

### **3.4.2 Information on credit improvements**

#### **3.4.2.1. Description of credit improvements**

With the goal of consolidating the financial structure of the Fund, of augmenting the security or regularity of the payment of the bonds, of covering the temporary lags between the calendar of the flow of principal and interest of the loans and that of the bonds or, in general, transforming the financial characteristics of the bonds issued, as well as complementing the administration of the Fund, the Fund manager, in representation of the Fund, shall proceed in the act of bestowing the deed of formation, to formalise the contracts and operations enumerated below in compliance with the applicable regulations.

- ≡ State Guarantee for Series A(G) Bonds: The Guarantee will secure, with a waiver to the benefit of discussion established in article 1830 of the Civil Code, the payments of the principal and the interest of the A(G) Bonds.
- ≡ Guaranteed rate accounts: The accounts opened in the name of the Fund by the Fund Manager (Treasury Account and Amortisation Account) are remunerated at rates agreed to in such a way that a minimum return on the balances of each of them is guaranteed.
- ≡ Reserve Fund: established from the disbursement of the Reverse Fund Loan which will counteract against the Fund payments with respect to losses for Unpaid Loans.
- ≡ Interest Swap The interest swap is aimed at covering: (i) the Fund's interest rate risk resulting from the Loans under variable interest rate with different reference indexes and review periods from that established for the Bonds, (ii) the risk derived from the Loans that may be subjected to renegotiations decreasing the agreed interest rate, and (iii) the risk derived from the existence of maximum interest rates within the portfolio.
- ≡ Margin: through the Swap Agreement, the Fund receives an excess gross margin of 0.50% on the notional of the Swap.

The global credit improvements backing each one of the Classes are summarised below:

**Series A(S):**

- i) Rights to the Loans (except for default interest)
- ii) Yields on the Treasury Account and the Amortisation Account.
- iii) Reserve Fund.
- iv) Cover for the risk of the Fund's interest rate, the risk from the renegotiations of interest rates and the risk derived from the existence of maximum interest rates through the Swap.
- v) Excess gross margin 0.50% through Interest Swap.
- vi) Subordination and postponement of interest payments on Classes B and C.
- vii) Subordination of the amortisation of the principal on Classes A(G), B and C: qualified by the commencement of the amortisation on a deferred, prorated basis and interruption of the prorated amortisation under certain circumstances:

**Series A(G):**

- i) Rights to the Loans (except for default interest)
- ii) Yields on the Treasury Account and the Amortisation Account.
- iii) State Guarantee
- iv) Reserve Fund.
- v) Cover for the risk of the Fund's interest rate, the risk from the renegotiations of interest rates and the risk derived from the existence of maximum interest rates through the Swap.
- vi) Excess gross margin of 0.50% through Interest Swap.
- vii) Subordination and postponement of interest payments on Classes B and C.
- viii) Subordination of the amortisation of the principal on Classes B and C, qualified by the commencement of the amortisation on a deferred, prorated basis and interruption of the prorated amortisation under certain circumstances:

**Series B:**

- i) Rights to the Loans (except for default interest)
- ii) Yields on the Treasury Account and the Amortisation Account.
- iii) Reserve Fund.
- iv) Cover for the risk of the Fund's interest rate, the risk from the renegotiations of interest rates and the risk derived from the existence of maximum interest rates through the Swap.
- v) Excess gross margin of 0.50% through Interest Swap.
- (vi) Subordination and postponement of interest payments on Classes C.
- (vii) Subordination of the amortisation of the principal on Classes C, qualified by the commencement of the amortisation on a deferred, prorated basis and interruption of the prorated amortisation under certain circumstances:

**Series C:**

- i) Rights to the Loans (except for default interest)
- ii) Yields on the Treasury Account and the Amortisation Account.
- iii) Reserve Fund.
- iv) Cover for the risk of the Fund's interest rate, of the risk from the renegotiations of interest rates and the risk of derived from the existence of maximum interest rates through the Swap.
- v) Excess gross margin of 0.50% through Interest Swap.

**3.4.2.2. Reserve Fund**

As a guarantee mechanism against possible losses due to Defaulted Loans and for the purposes of permitting the payments to be made by the Fund in accordance with the Priority Payment Rules described in section 3.4.6. of this Supplemental Addendum, a deposit shall be formed and shall be called the Reserve Fund (hereinafter, the "*Reserve Fund*").

The initial Reserve Fund will be established on the Disbursement date against the Loan for the Reserve Fund, for an amount of seven million and eight hundred and seventy five thousand (7,875,000) euros.

On each payment date the Reserve Fund shall be applied to the satisfaction of the payment obligations contained in the Payment Priority Order, in accordance with the Settlement Payment Priority Order set forth in section 3.4.6. of this Supplemental Addendum.

On each Payment Date and in accordance with the Payment Priority Order , the amounts necessary for the Reserve Fund to reach its Minimum level pursuant to the following rules.

The Minimum Level of the Reserve Fund shall be the lower of the following amounts:

- Seven million and eight hundred and seventy five thousand (7,875,000) euros, equal to 1.05% of the Total Amount of the Bonds Issue.
- 2.10% of the Outstanding Balance of Principal of the Bonds.

The Reserve Fund, on a Payment Date, cannot be reduced in the concurrence of the following circumstances:

- If the first three years of the life of the Fund from the Formation Date have not elapsed.
- That on the previous Payment Date, the Reserve Fund had not been reached the Reserve Fund amount required on that Payment Date.
- If, on the Determination Date prior to the corresponding Payment Date, the amount of the Outstanding Balance of the Non-defaulted Loans by 90 days or more were greater than 1% of the Initial Outstanding Balance of the Loans.

Under no circumstances can the Minimum Level of the Reserve Fund be less than (5,000,000) euros.

The amount of the reserve Fund shall remain deposited in the Treasury Account, remunerated in the terms of the account opening contract at a guaranteed rate of interest (Treasury Account).

### **3.4.3 Details of subordinate debt financing**

The Fund Manager warrants that the summarised descriptions of the contracts by means of which the operations were formalised, contained in the corresponding parts, which it shall subscribe in the name and on behalf of the Fund, contain the most substantial and relevant information on each one of the contracts and faithfully reflect the contents.

All the contracts hereinafter described shall be cancelled in the event that they are not confirmed as final, before the Beginning of the Subscription Period, the provisional ratings issued by the rating Agencies.

#### **3.4.3.1. Loan for Initial Expenses.**

The Fund Manager, on behalf of the Fund, will sign a subordinate loan contract with Banco de Sabadell, S.A. (hereinafter the “**Loan for Initial Expenses**”) in the amount of 650,000 euros.

The amount of the Loan for Initial Expenses shall be deposited on the Disbursement Date in the Treasury Account opened with the Payment Agent.

The amount of the Loan for Initial Expenses will be used by the Fund Manager to pay the Formation Expenses of the Fund. Section 6 of the Prospectus Schedule indicates an estimation of said initial expenses.

The Loan for Initial Expenses shall be remunerated based on an annual interest rate, quarterly adjustable, equal to the Interest rate of reference of the Bonds in force at any given time plus a differential of 1%. The payment of said interests shall be subject to the Priority Payment Order set forth in section 3.4.6. below.

The Payment Dates for interest for the Loan for Initial Expenses shall coincide with the Payment Dates for the Bonds in accordance with the Deed of Formation and the Prospectus.

Interest accrued will be paid on a specific Payment Date based on a calendar year of three hundred and Sixty (360) days and taking into consideration the days actually remaining in each Interest Accrual Period.

Interest on the Loan for Initial Expenses will be paid and due upon the maturity of each Interest Accrual Period, on each of the Payment Dates and until the complete amortisation of the Loan for initial Expenses. The first date will coincide with the first Payment Date.

It will be amortised on a three-month basis in the amount that the said formation expenses had been amortised, according to the official accounting records of the Fund, and in any case during a period of a maximum of five (5) years from the Fund formation. The first amortisation will be carried out on 21 December 2005, and the remaining amortisations on the following Payment Dates, all in accordance with the Payment Priority Order established in part 3.4.6. below.

All amounts payable to Banco de Sabadell, S.A., both principal and interest payments on the Loan for Initial Expenses, shall be subject to the Priority Payment Rules set forth in section 3.4.6. below. As a consequence, they shall only be paid to the Assignor on a specific Payment Date if the Available Funds on said Payment Date are sufficient to meet the obligations of the Fund set forth in sections (i) to (xiii) of the aforementioned section for interest and (i) to (xiv) for the principal.

All the amounts which, by virtue of the provisions set forth in the previous paragraphs, have not been surrendered to Banco de Sabadell, S.A., shall be paid on the next Payment Dates on which the Available Funds allow said payment in accordance with the Payment Priority Order established in part 3.4.6. below.

Amounts owed to Banco de Sabadell, S.A. and unpaid by virtue of the provisions set forth in the previous paragraphs shall not accrue late interest in favour of Banco de Sabadell, S.A.

#### **3.4.3.2. (iv) Loan for First Interest Period:**

The Fund Manager, on behalf of the Fund, will sign a subordinate loan contract with Banco de Sabadell, S.A. (hereinafter the "*Loan for Initial Expenses*") in the amount of (900,000) euros.

The amount of the Loan for Initial Expenses shall be deposited on Business Day prior to the Payment Date in the Treasury Account opened with the Payment Agent.

The amount of the Loan for First Period Interest will be used by the Fund Manager to cover for the lag corresponding to the Fund's First Payment Date between the accrual and collection of the Loans' interest.

The Loan for Initial Expenses shall be remunerated based on an annual interest rate, quarterly adjustable, equal to the Interest rate of reference of the Bonds in force at any given time plus a differential of 1%. The payment of said interests shall be subject to the Priority Payment Order set forth in section 3.4.6. below.

The Payment Dates of the interest of the Loan for First Period Interest will coincide with the Bonds Dates of pursuant to the Formation Deed and the Prospectus.

The interest accrued which must be paid in a specified Payment Date will be computed based on a calendar year of three hundred and sixty (360) days and taking into account the effective number of days in each Interest Accrued Period.

Interest for the Loan for the First Period Interest will be amortised and payable upon the maturity of each Interest Accrual Period and until the complete amortisation of the Loan for First Period Interest. The first amortisation date will coincide with the first Payment Date.



The maturity of the Loan for First Period Interest will be on the Final Maturity Date of the Fund. However, the amortisation of the Loan for First Period Interest will be free, on each Payment Date, and the Fund Manager will decide the amount of each amortisation based on the needs of resources estimated to cover for the lag between the payment and collection of the Loans by the Fund at the first Payment Date. On the first Payment Date, the Loan for First Period Interest will be amortised by the amount available equal to the actual amount of lag between the lag between the payment and collection of the Loans by the Fund at said Payment Date, in accordance with the Payment Priority Order stipulated in the section 3.4.6. below.

All amounts payable to Banco de Sabadell, S.A., both principal and interest payments on the Loan for Initial Expenses, shall be subject to the Priority Payment Rules set forth in section 3.4.6. below. As a consequence, they shall only be paid to the Assignor on the Payment Date if the Available Funds on said Payment Date are sufficient to meet the obligations of the Fund set forth in sections (i) to (xiii) of the aforementioned section for interest and (i) to (xiv) for the principal.

All the amounts which, by virtue of the provisions set forth in the previous paragraphs, have not been surrendered to Banco de Sabadell, S.A., shall be paid on the next Payment Dates on which the Available Funds allow said payment in accordance with the Payment Priority Order established in part 3.4.6. below.

Amounts owed to Banco de Sabadell, S.A. and unpaid by virtue of the provisions set forth in the previous paragraphs shall not accrue late interest in favour of Banco de Sabadell, S.A.

#### **3.4.3.3. Reserve Fund Loan Contract**

Banco de Sabadell, S.A., shall extend a loan to the Fund in accordance with the Reserve Fund Agreement (hereinafter, the "Reserve Fund Loan") to be used by the Fund Manager for the initial establishment of the Reserve Fund.

The total amount of the Reserve Fund Loan will be seven million eight hundred and seventy-five thousand (7,875,000) euros. The amount of the Loan for Initial Expenses shall be deposited on the Disbursement Date in the Treasury Account opened with the Payment Agent.

The Loan for Initial Expenses shall be remunerated based on an adjustable interest rate, variable by quarter, equal to the Interest rate of reference of the Bonds in force at any given time plus a differential of 1.50%.

For the calculation of interest a year of three hundred sixty (360) days will be used as basis, on the exact number of actual days elapsed.

The payment of said interests shall be subject to the Priority Payment Order set forth in section 3.4.6. below.

Amortisation of the Reserve Fund Loan will be made on each Payment Date by an amount equal to the amount by which the Minimum Level of Reserve Fund is reduced on each Payment Date, in accordance with the Payment Priority Order stipulated in the section 3.4.6. below.

All amounts payable to Banco de Sabadell, S.A., both principal and interest payments on the Loan for Initial Expenses, shall be subject to the Priority Payment Rules set forth in section 3.4.6. below. As a consequence, they shall only be paid to the Assignor on a specific Payment Date if the Available Funds on said Payment Date are sufficient to meet the obligations of the Fund set forth in sections (i) to (x) of the aforementioned section for interest and (i) to (xii) for the principal.

All the amounts which, by virtue of the provisions set forth in the previous paragraphs, have not been surrendered to the Banco de Sabadell, S.A. shall be made effective on the following Payment Dates on which the Available Funds allow said payment in accordance with the established Payment Priority Order.

Amounts owed to Banco de Sabadell, S.A. and unpaid by virtue of the provisions set forth in the previous paragraphs shall not accrue late interest in favour of Banco de Sabadell, S.A.

The Reserve Fund Loan will be terminated for all legal purposes in the event that the Rating Agencies did not confirm as final, before the start of the Subscription Period, the ratings provisionally assigned to each of the Series of Bonds.

#### **3.4.3.4. Subordination of Class B and Class C**

The payment of interest and the repayment of the principal on Class B Bonds are postponed in respect of Class A (Series A(S) and A(G)) Bonds, according to the Payment Priority Order and Fund Settlement Payment Priority Order set forth in part 3.4.6 below.

The payment of interest and the repayment of the principal on Class C Bonds are postponed in respect of Class A (Series A(S) and A(G)) and Class B Bonds, according to the Payment Priority Order and Fund Settlement Payment Priority Order set forth in part 3.4.6 below.

Notwithstanding the above, part 4.9.4. of the Prospectus Schedule describes the circumstances under which the Class A, B and C Bonds may, exceptionally, be amortised on a prorated basis.

The details of the order in which the interest and principal on the Bonds in each class are paid according to the Fund Payment Priority Order are shown in parts 4.6.1. and 4.6.2 of the Prospectus Schedule.

#### **3.4.4 Parameters for the investment of temporary surpluses and parties responsible for such investments**

Temporary cash surpluses will be deposited in the Treasury Account and the Amortisation Account, remunerated at a guaranteed interest rate as described below.

#### 3.4.4.1. Treasury Account

The Fund Manager will set up a bank account (hereinafter the "*Treasury Account*") with Banco de Sabadell, S.A., in the Fund's name, through which all payments receivable by the Fund from the Assignor in relation to the Loans will be made on each Payment Date, and in virtue thereof the Paying Agent will guarantee a variable return on the amounts therein deposited.

All of the liquid amounts received, which mainly comprise the below amounts, will be paid in the Treasury Account:

- (i) cash amount net of underwriting and Placement commission for the payment of the subscription of the Bond Issue;
- (ii) Payment of the principal on the Subordinated Loan for Initial Expenses, Loan for the First Interest Period and the Reserve Fund.
- (iii) the amounts that are paid to the Fund derived from the Interest Rate Swap Agreement;
- (iv) the amounts of the income obtained for the balances of the Treasury Account itself and of the Amortisation Account; and
- (v) the amounts of the withholdings on account for the yield of the movable capital that on each Payment Date has to be made for the interest of the Bonds paid by the Fund, until the moment on which they must be paid to the Tax Authority.
- (vi) Principal reimbursed and interest from Loans, plus any other amount corresponding to the Loans.
- (vii) Amounts against the State Guarantee.

All payments of the Fund shall be made through the Treasury Account, in accordance with the instructions given by the Fund Manager. The Treasury Account cannot maintain a negative balance. The balance of the Amortisation Account shall be maintained in cash.

Banco de Sabadell, S.A. guarantees an annual nominal interest rate, adjustable quarterly, and with monthly maturity, except for the first interest accrual period, applicable on each interest accrual period (different from the Interest Accrual Period established for the Bonds), on the positive balances in the Treasury Account equal to the Interest rate of reference determined for each Interest Accrual Period (except for the first period of interest accrual to be applied on from the Formation Date). The accrued interest, which must be paid by within the first 5 business day of the following month, will be calculated on the basis of: (i) the effective days of each interest accrual period, and (ii) a three-hundred-and-sixty-five (365) day year. The first interest settlement will take place on November 2, 2005 and November 8, 2005, interest accrued until October 31, 2005, inclusive.

In the event that the unsubordinated and unsecured short term debt of Banco de Sabadell, S.A. would at any time during the life of the issue of the Bonds experience a decrease under P-1 according with the rating scales of Moody's or F-1 in the case of Fitch, or an equivalent rating specifically recognized by the Rating Agencies, the Fund Manager, within the maximum term of thirty (30) Business Days counting from the moment of occurrence of such situation, shall exercise any of the options described below that allow the maintenance of an adequate guarantee level regarding the commitments derived from this Contract:

a. Obtain from a financial entity with a minimum credit rating for its unsecured and unsubordinated short term debt, of P-1 and F-1, according to the rating scales of Moody's and Fitch, respectively, and which does not impair the rating granted to the bonds by the Rating Agencies, a first-demand guarantee to secure the Fund, at the simple demand of the Fund Manager, the timely payment by Banco de Sabadell, S.A. of its refund obligation of the amounts deposited in the Treasury Account during the time that the situation of loss of the P-1 or F-1 ratings by Banco de Sabadell, S.A. remains.

b. Move the Treasury Account of the Fund to an entity whose unsecured and unsubordinated short term debt has a minimum credit rating of P-1 and F1, according to the rating scales of Moody's and Fitch, respectively, and arrange the maximum return for its balances, although it may be different than that agreed with Banco de Sabadell, S.A. by virtue of this Contract.

c. In case options a) and b) above were not possible, obtain from Banco de Sabadell, S.A. or from a third party a pledge guarantee in favour of the Fund over

financial assets with a credit quality no lower than that of the Spanish State Public Debt, for an amount sufficient to guarantee the commitment assumed in this Contract and which do not impair the ratings assigned to the Bonds by the Rating Agencies.

d. If neither of the aforementioned options is possible, the Fund Manager will be entitled to invest the balances, for quarterly periods at the maximum, in short-term fixed-rate assets in euros issued by entities with a minimum credit rating of P-1 and A1 (for period of less than 30 days, of F-1+ for greater periods) for short term debt, according to the rating scales of Moody's and Fitch, respectively, including short-term securities issued by the Spanish State, it being therefore possible, also in this case, that the return obtained is different from that initially obtained from BANCO DE SABADELL, S.A. by virtue of this Contract.

e. In both b) and d) situations, the Fund Manager will be later entitled to move back the balances to Banco de Sabadell, S.A. under the Guaranteed Interest Rate Contract in the event that its unsubordinated and unsecured short term debt reaches again the P-1 and F-1 ratings, in accordance with the Moody's and Fitch scales, respectively.

#### **3.4.4.2. Amortisation Account**

The Fund Manager will open a bank account with Banco de Sabadell, S.A. in the Fund's name (hereinafter, the "*Amortisation Account*") into which all amounts for amortisation withheld in the order vii of the Fund Available not applied to the effective amortisation of all the Series, for the first 20 months after the Formation Date (until 21 June 2007) will be deposited on each Payment Date.

The Amortisation Account cannot have a negative balance against the Fund. The balance of the Amortisation Account shall be maintained in cash.

Banco de Sabadell, S.A. guarantees an annual nominal interest rate, adjustable quarterly, and with monthly maturity, except for the first interest accrual period which will have a shorter term (between the Formation Date and the last day of the calendar month), applicable on each interest accrual period (calendar months, different from the Interest Accrual Period established for the Bonds), on the

positive balances in the Amortisation Account equal to the Interest rate of reference determined for each Interest Accrual Period (except for the first interest accrual period which will be applied from the Formation Date). The accrued interest, which must be paid within the first 5 business days of the following month, will be calculated on the basis of: (i) the effective days of each interest accrual period, and (ii) a three-hundred-and-sixty-five (365) day year. The first interest settlement will take place between 2 November 2005 and 8 November 2005, interest accrued from 21 October 2005 until 31 October 2005, inclusive.

In the event that the unsubordinated and unsecured short term debt of Banco de Sabadell, S.A. would at any time during the life of the issue of the Bonds experience a decrease under P-1 according with the rating scales of Moody's or F-1 in the case of Fitch, or an equivalent rating specifically recognized by the Rating Agencies, the Fund Manager, within the maximum term of thirty (30) Business Days counting from the moment of occurrence of such situation, shall exercise any of the options described below that allow the maintenance of an adequate guarantee level regarding the commitments derived from this :

- (a) Obtain from a financial entity with a minimum credit rating for its unsecured and unsubordinated short term debt, of P-1 and F-1, according to the rating scales of Moody's and Fitch, respectively, and which does not impair the rating granted to the bonds by the Rating Agencies, a first-demand guarantee to secure the Fund, at the simple demand of the Fund Manager, the timely payment by Banco de Sabadell, S.A. of its refund obligation of the amounts deposited in the Amortisation Account during the time that the situation of loss of the P-1 and/or F-1 ratings by Banco de Sabadell, S.A. remains.
- (b) Move the Amortisation Account to an entity whose unsecured and unsubordinated short term debt has a minimum credit rating of P-1 and F1, according to the rating scales of Moody's and Fitch, respectively, and arrange the maximum return for its balances, although it may be different than that agreed with Banco de Sabadell, S.A. by virtue of this Contract.
- (c) In case options a) and b) above were not possible, obtain from Banco de Sabadell, S.A. or from a third party a pledge guarantee in favour of the Fund over financial assets with a credit quality no lower than that of the

Spanish State Public Debt, for an amount sufficient to guarantee the commitment assumed in this Contract and which do not impair the ratings assigned to the Bonds by the Rating Agencies.

- (d) If neither of the aforementioned options is possible, the Fund Manager will be entitled to invest the balances, for quarterly periods at the maximum, in short-term fixed-rate assets in euros issued by entities with a minimum credit rating of P-1 and A1 (for period less than 30 days or F-1+ for greater periods) for short term debt, according to the rating scales of Moody's and Fitch, respectively, including short-term securities issued by the Spanish State, it being therefore possible, also in this case, that the return obtained is different from that initially obtained from Banco de Sabadell, S.A. by virtue of this Contract.
- (e) In both b) and d) situations, the Fund Manager will be later entitled to move back the balances to Banco de Sabadell, S.A. under the Amortisation Account Contract in the event that its short term unsubordinated, unsecured debt reaches again the P-1 and F-1 ratings, in accordance with the Moody's and Fitch scales, respectively.

The Amortisation Account will be cancelled on 21 June 2007.

#### **3.4.5 Collection by the Fund of payments on the assets**

The Administrator will continue with the collection management of all amounts that should be satisfied by the Debtors deriving from the Loans, as well as any other concept including those that correspond to the property damage insurance contracts on the mortgaged property securing the Mortgage Loans.

The Administrator shall exercise due diligence so that the payment that the Debtors should make is collected in accordance with the contractual terms and conditions of the Loans.

The Administrator will transfer to the Fund's Treasury Account all sums received for any item to which the Fund is entitled on the Loans it administers. The



payments will be made by transfer on each Collection Date with the same value date.

The Fund Collection Dates will be all Business Days in each Collection Period.

Under no circumstances will the Administrator pay any amount whatsoever into the Fund that it has not first received from the Debtors as payment of the Loans.

In the event that the unsubordinated and unsecured short term debt of Banco de Sabadell, S.A. would at any time during the life of the issue of the Bonds experience a decrease under P-1 according with the rating scales of Moody's or F-1 in the case of Fitch, or an equivalent rating specifically recognized by the Rating Agencies, the Fund Manager, within the maximum term of thirty (30) Business Days counting from the moment of occurrence of such situation, shall exercise any of the options described below that allow the maintenance of an adequate guarantee level regarding the commitments derived from this Contract:

i) Obtain from a financial entity with a minimum credit rating for its unsecured and unsubordinated short term debt, of P-1 and F-1, according to the rating scales of Moody's and Fitch, respectively, and which does not impair the rating granted to the bonds by the Rating Agencies, a first-demand guarantee to secure the Fund, at the simple demand of the Fund Manager, the timely payment by Banco de Sabadell, S.A. of its refund obligation of the amounts deposited in the Treasury Account during the time that the situation of loss of the P-1 or F-1 ratings by Banco de Sabadell, S.A. remains.

ii) Move the Treasury Account of the Fund to an entity whose unsecured and unsubordinated short term debt has a minimum credit rating of P-1 and F1, according to the rating scales of Moody's and Fitch, respectively, and arrange the maximum return for its balances, although it may be different than that agreed with Banco de Sabadell, S.A. by virtue of this Contract.

iii) In case options a) and b) above were not possible, obtain from Banco de Sabadell, S.A. or from a third party a pledge guarantee in favour of the Fund over financial assets with a credit quality no lower than that of the Spanish State

Public Debt, for an amount sufficient to guarantee the commitment assumed in this Contract and which do not impair the ratings assigned to the Bonds by the Rating Agencies.

If neither of the aforementioned options is possible, the Fund Manager will be entitled to invest the balances, for quarterly periods at the maximum, in short-term fixed-rate assets in euros issued by entities with a minimum credit rating of P-1 and F1 for short term debt, according to the rating scales of Moody's and Fitch, respectively, including short-term securities issued by the Spanish State, it being therefore possible, also in this case, that the return obtained is different from that initially obtained from Banco de Sabadell, S.A. by virtue of this Contract.

In both b) and d) situations, the Fund Manager will be later entitled to move back the balances to Banco de Sabadell, S.A. under the Guaranteed Interest Rate Contract in the event that its unsubordinated and unsecured short term debt reaches again the P-1 and F-1 ratings, in accordance with the Moody's and Fitch scales, respectively.

#### **3.4.6 Order of priority of payments made by the issuer**

##### **Ordinary and exceptional rules governing priority and Fund allocation**

###### **On the disbursement date**

###### **1. Origin.**

On the disbursement date, the Fund shall have assets available for the following items:

- (i) Funds received from issuing and placing the Bonds on the market.
- (ii) Funds received in connection with the Loan for Initial Expenses.

(iii) Funds received in connection with the Reserve Fund Loan.

## **2. Application.**

On the disbursement date, the Fund shall allocate the previously mentioned funds to payment of the following:

(i) Payments for the purchase of the Non-Mortgage Loans and Mortgage Transfer Certificates pooled in the Fund.

(ii) Payment of the initial expenses of the Fund in accordance with that set forth in section 3.4.3. of this Prospectus Schedule

(iii) Endowment of an Initial Reserve Fund.

### **Starting on the Fund Disbursement Date and through the Fund Settlement Date, exclusive**

On each Payment Date that is neither the Final Payment Date nor the early settlement Date of the Fund, the Fund Manager will proceed to apply the available funds and the amount available for the amortisation in the payment priority order established below for each one of them (hereinafter, the "*Payment Priority Order*").

#### **1. Fund origin**

The Funds Available on each Payment Date to satisfy the payment or withholding obligations listed below shall be the amounts deposited in the Treasury Account and Amortisation Account for the following items:

(i) Income earned on the Non-Mortgage Loans and Mortgage Loans in the form of principal and interest calculated on each Determination Date as follows:

- a) With regard to the Principal, the income earned between the last day of the calendar month prior and excluding the previous Determination Date and the last day of the calendar month up to and including the current Determination Date, which shall be the income earned between the Disbursement Date, inclusive, and the last day of the calendar month prior to the current Determination Date, inclusive.
- b) With regard to the interest, the income earned between the last Determination Date, inclusive, and the current Determination Date, exclusive, except for the first Determination Date, in which case it shall be the income earned between the Disbursement Date, inclusive and the Determination Date, exclusive.
- (ii) If applicable, other revenue from the Debtors which is different from current principal and interests of the Loans.
- (iii) Returns on the balances of the Treasury Account and the Amortisation Account.
- (iv) The amount corresponding to the Reserve Fund on the Determination Date preceding the corresponding Payment Date.
- (v) Where applicable, the net amounts received by the Fund under the Interest Swap Contract and the amount of the settlement received by the Fund if the Contract is terminated.
- (vi) The proceeds of the settlement and, where applicable, of the Fund's assets.
- (vii) The drawn down amounts of the State Guarantee.
- (viii) Funds received for the Loan for the First Interest Period.

## 2. Application of Funds

Generally speaking, the Available Funds of the Fund will be applied on each Payment Date to the following items, establishing the order of priority in which the payments will be made as shown below if there are insufficient funds:

(i) Payment of ordinary and extraordinary expenses and taxes on the Fund and Fund settlement expenses, including the Fund Manager's commission but excluding the payment of the Administrator's commission for administering the loans, except in the event of replacement as foreseen in part 3.7.2.4. of this Supplemental addendum, and excluding the payment of the Financial Brokerage Fee, both of which are subordinate and which occupy numbers (xvi) and (xvii) in order of priority.

(ii) Payment of the net amount due under the Swap Contract and payment of the settlement amount, but only if the agreement is terminated because of a breach by the Fund.

(iii) Payment of interest on Series A(S) and A(G) Bonds due and payable on previous payment dates and reimbursement of the State of the amounts paid to the Fund by drawdown of the Guarantee for the payment of interest on the Series A(G) bonds guarantee and not returned on previous payment dates (prorate).

(iv) Payment of interest on Series A(S) and A(G) bonds (prorated) accrued since the previous Payment Date.

(v) Payment of the interest on Class B bonds, save in case of down-ranking to 8th place of this payment in the order of priority. This payment will be moved back to (viii) place when an Amortisation Deficit could be generated in an amount greater than the sum of (a) 80% of the Outstanding Balance of the Principal of Series B Bonds plus (b) 100% of the Outstanding Balance of the Principal of Series C Bonds, provided always that the Class A Bonds are not completely amortised and the amounts owed to the State for the execution of the Guarantee for the amortisation of Series A(G) have not been repaid in full on or before the Payment Date in question (without taking the down-ranking of the interest on Class B Bonds into account).

(vi) Payment of the interest on Class C bonds, save in case of down-ranking to (ix) place in the Payment Priority Order. This payment will be moved back to (ix) place when an Amortisation Deficit could be generated on this Payment Date in an amount greater than 137% of the Outstanding Balance of the Principal of Series C Bonds, provided always that the Class B Bonds are not completely amortised on or before the Payment Date in question (without taking the down-ranking of the interest on Class C Bonds into account).

(vii) Retention of the Amount Available for Amortisation. The Bonds will be amortised according to the rules established in part 4.9 of the Prospectus Schedule.

(viii) Payment of the interest accrued on the Class B Bonds when this payment is moved back to (v) place in the Payment Priority Order as established in said part.

(ix) Payment of the interest accrued on the Class B Bonds when this payment is moved back to (v) place in the Payment Priority Order as established in said part.

(x) Retention of the amount sufficient to maintain the minimum reserve Fund level required at the corresponding payment date.

(xi) Payment of interest on the Reserve Fund Loan.

(xii) Repayment of the principal on the Reserve Fund Loan.

(xiii) Payment of the amount due as a result of the termination of the Financial Swap, except under the circumstances indicated in (ii) above.

(xiv) Payment of interest on the Loan for Initial Expenses and the Loan for the First Interest Period.

(xv) Repayment of the principal of the Loan for Initial Expenses and the Loan for the First Interest Period.

(xvi) Payment of the administration commission.

Should the Administrator of the loans be replaced by another entity, the administration commission payment, which shall accrue in favour of the new third-party administrator, shall occupy the position contained in previous order (i), together with the remaining payments included there.

(xvii) Brokerage fee payment.

The following shall be considered ordinary expenses of the Fund:

- a) Expenses that can derive from the obligatory verifications, inscriptions and administrative authorisations.
- b) Fees of the rating agencies for monitoring and maintaining the ratings of the bonds.
- c) Expenses relative to the carrying out of the accounting registry of the bonds through their representation via account entries and for their admittance to trading on the secondary securities markets, and upkeep of the foregoing.
- d) The cost of auditing the annual accounts.
- e) Expenses derived from the amortisation of the Bonds.
- f) Expenses derived from the announcements and notifications related to the Fund and/or the bonds.

The following shall be considered extraordinary expenses of the Fund:

- a) If necessary, the expenses associated with preparing and formalising modifications to the Deed of Formation and contracts, as well as for any additional contracts.

- b) Expenses associated with executing the mortgage loans and those derived from recovery actions that are necessary.
- c) Expenses for auditing and legal advice;
- d) Any remaining initial costs of the formation date of the Fund and the bond issue that exceed the amount of the loan for initial expenses.
- e) In general, any other necessary extraordinary expenses borne by the Fund or by the Fund manager in representation and on behalf of the same.

### **3. Other rules**

In the event that the Available Funds were not sufficient to cover any of the amounts mentioned in the preceding paragraphs, the following rules will apply:

- When a priority order has debits for different items, the remainder of the available funds will be applied on a prorated basis, distributing the amount applied to each item based on the order of the maturity of demandable debits. Notwithstanding the above, the amounts received against the State Guarantee shall only be used on the next Payment Date immediately following receipt to cover shortages in the payment of principal and interest on A(G) Series Bonds.
- The funds will be applied to the different items mentioned in the previous section in accordance with the priority order established, distributed on a prorated basis among those items entitled to receive payment.
- The amounts that remain unpaid will be placed, on the following Payment Date, in a priority position immediately before that of the item in question, with the exception of the interest on Series A(S) and A(G) Bonds, the order of which in the case of non-payment is explicitly detailed in the Payment Priority Order.
- Any amounts owed by the Fund and unpaid on their respective Payment Dates will not accrue additional interest.



## **On the Fund Settlement Date**

The Fund Manager shall proceed to liquidate the Fund when the Fund is liquidated on the legal maturity date or the Payment Date on which the early settlement takes place as provided for in parts 4.4.3 and 4.4.4. of the Registration Document, by applying the available funds to the following items (hereinafter, the "*Funds available for settlement*"): (i) the available funds and (ii) the sums obtained by the Fund from the disposal of the Fund's remaining assets, according to the following Payment Priority Order (i.e., the "*Settlement Payment Priority Order*"):

1. Reserve to cover the final tax, administrative or advertising expenses at the time of settlement.
2. Payment of ordinary and extraordinary Fund expenses and taxes, including the commission of the Fund Manager.
3. Payment of the net amount due under the Swap Contract and payment of the settlement amount, but only if the agreement is terminated because of a breach by the Fund.
4. Payment of interest on Series A(S) and A(G) Bonds due and payable on previous payment dates and reimbursement of the State of the amounts paid to the Fund by drawdown of the Guarantee for the payment of interest on the Series A(G) bonds guaranteed and not returned on previous payment dates (prorated).
5. Payment of interest on Series A(S) and A(G) bonds (prorated) accrued since the previous Payment Date.
6. In the event of the application of Rule 4.1 described in part 4.9.4 of the Prospectus Schedule, amortisation of the Series A(S) Bonds until they are fully amortised.

7. In the event of the application of Rule 4.1 described in part 4.9.4 of the Prospectus Schedule, amortisation of the Series A(G) Bonds until they are fully amortised and reimbursement of the State of the amounts paid to the Fund by drawdown of the Guarantee for the payment of interest on the Series A(G) bonds.
8. In the event of the application of Rule 4.2 described in part 4.9.4 of the Prospectus Schedule, amortisation of the Series A(S) and A(G) Bonds and reimbursement of the State of the amounts paid to the Fund by drawdown of the Guarantee for the payment of interest on the Series A(G) bonds.
9. Payment of the interest accrued on the Class B Bonds
10. Amortisation of the principal of the Class B Bonds until they are fully amortised.
11. Payment of the interest accrued on the Class C Bonds
12. Amortisation of the principal of the Class B Bonds until they are fully amortised.
13. Interest accrued on the Reserve Fund Loan.
14. Payment of the principal of the Reserve Fund Loan.
15. Interest accrued on the Loan for Initial Expenses and the Loan for the First Interest Period.
16. Payment of the principal on the Loan for Initial Expenses and the Loan for the First Interest Period.
17. Payment of the amount payable by the Fund for the settlement of the interest swap, except under the circumstances described in 3 above.

18. Payment of the Administrator's commission for administering the Loans.

19. Financial brokerage fee.

When a priority order has debits for different items and the funds available for settlement are not sufficient to meet the payments due, the remainder of the funds available for settlement will be applied on a prorated basis, distributing the amount applied to each item based on the order of the maturity of demandable debits.

### **3.4.7 Other agreements governing the payment of principal and interest to investors**

#### **3.4.7.1. Financial Interest Swap Contract ("*Swap*")**

The Fund Manager will sign, on behalf of the Fund, a Financial Interest Swap Agreement or *Swap* with Banco de Sabadell, S.A., the most relevant terms of which are described below.

Under the Interest Swap Agreement, the Fund will make payments to Banco de Sabadell, S.A. calculated on the interest rates of the Loans and in exchange Banco de Sabadell, S.A. will make payments to the Fund calculated on the Interest Rate of the Bonds plus a margin, all pursuant to the following rules:

Part A: The Fund, represented by the Fund Manager

Part B: Banco de Sabadell, S.A.

- Settlement Dates: the settlement dates will coincide with the Bond Payment Dates.
- Notional Amount: the amount resulting from adding the Outstanding Balance of the Principal of the Bonds in each Series on the Determination Date prior to the Settlement Date in progress.

- Settlement Period for Part A: the days actually elapsed between two consecutive settlement dates, including the first and excluding the last. Exceptionally, the first settlement period will have a duration equivalent to the days elapsed between the Fund Formation Date (included) and the first Settlement Date (excluded).
- Variable Amount of Part A: shall be the result of adding (i) the accrued interest on non-defaulted loans plus (ii) the interest accrued on the Amortisation Account during the Settlement Period for Part A. Since Banco de Sabadell, S.A. will report to the Fund Manager at the end of each month on the status of the portfolio, the Fund Manager will calculate the interest accrued during the period between the last day of the month before the Settlement Date and the Settlement Date, assuming that during that period (i) there are no early amortizations, (ii) no loans as classified as defaulted and (iii) there are no interest rate variations.
- Part A payments: On each Settlement Date, Part A shall pay Part B the positive difference, if any, between the Variable Amount of Part A and the Variable Amount of Part B determined for the Settlement Period for Part A and the Settlement Period for Part B immediately preceding it.
- Settlement Period for Part B: the days actually elapsed between two consecutive settlement dates, including the first and excluding the last. Exceptionally, the first settlement period for will have a duration equivalent to the days elapsed between the Fund Disbursement Date (included) and the first Settlement Date (excluded).
- Variable Amount of Part B: calculated by applying the Interest Rate payable by Part B to the Notional of the Swap for the number of days in Part B's settlement period.
- Part B Payments: On each Settlement Date, Part B shall pay Part A the positive difference, if any, between the Variable Amount of Part B and the Variable Amount of Part A determined for the Settlement Period for Part B and the Settlement Period for Part A immediately preceding it.
- Interest rate payable by Part B: for each settlement period for Part B, this will be the mean Nominal Interest Rate of the Bonds weighted by the Outstanding Principal for each bond series, plus a margin of 0.50%.
- The settlement basis will be 360 days.

The amounts payable under the Interest Swap Contract will be settled in such a way that if both the parties must make reciprocal payments, the part that owes the higher amount will make the payment in the amount of the excess.

### **Breach of the Interest Swap Agreement**

If on any Payment Date the Fund (Part A) did not have sufficient liquidity to pay the entire net amount owed to Part B, the unpaid amount will be paid on the next Payment Date, provided the Fund has sufficient liquidity according to the Payment Priority Order. If the Fund were to fail to pay on two consecutive Payment Dates, the Swap Contract may be terminated at the request of Part B. In the event of termination, the Fund shall assume, where applicable, the obligation to the final settlement amount as foreseen in the terms of the Swap Contract in accordance with the Payment Priority Order. Notwithstanding the above, except in a situation of permanent alteration of the financial balance of the Fund, the Fund Manager, on behalf of the Fund, will attempt to sign a new interest swap contract under essentially identical conditions.

If Part B were to fail to meet its payment obligations for the full amount payable to the Fund on any Payment Date, the Fund Manager may choose to terminate the Interest Swap Contract. In this case, Part B would assume, where applicable, the obligation to pay the settlement amount foreseen in the Contract. If the Fund Manager were to exercise the early cancellation option, it must look for an alternative financial entity to replace Part B as quickly as possible.

The settlement amount will be calculated by the Fund Manager, as the calculation agent, based on the market value of the Interest Swap Contract.

### **Lowering of Part B's credit rating**

If at any time during the life of the Bond Issue the credit rating of Part B's unsubordinated and unsecured debt were to fall below A or A1 for long term debt on the Fitch and Moody's scales, respectively, Part B irrevocably assumes the commitment to choose one of the following options within thirty (30) days from the date on which either of these circumstances occurs, under the terms and conditions deemed pertinent by the Fund Manager, after notifying the Rating Agencies, in order to maintain the ratings assigned to each one of the series by the Rating Agencies: (i) A third party entity with a credit rating for its

unsubordinated and unsecured long term debt equal to or higher than A and A1 on the Fitch and Moody's scales, respectively, shall guarantee the fulfilment of its contractual obligations under the Interest Swap Contract; (ii) a third party entity with the same ratings as required for option (i) above shall assume its contractual position and replace it in the Interest Swap Contract or a new Interest Swap Contract will be signed with the third party entity under the same terms and conditions as the Interest Swap Contract: or (iii) to set up a cash deposit with an entity with a credit rating for its short term debt on the Moody's scale of P-1 or pledge values in favour of the Fund, if Part B has at least a rating of its unsubordinated and unsecured debt of F2 on the Fitch scale to guarantee fulfilment of the contractual obligations of Part B in the amount calculated, among other things, on the market value of the Interest Swap Contract so that the ratings assigned to the Bonds by the Rating Agencies are unaffected. Where applicable, and based on the rating assigned to Part B, option (i) or (ii) above may also be implemented. All costs, expenses and taxes incurred in the fulfilment of the preceding obligations shall be payable by Part B.

Furthermore, the interest and principal payments to the investors in Series A(G) Bonds are also contingent upon the State Guarantee, the essential terms and conditions of which are described below and summarised in the Prospectus Schedule:

#### **3.4.7.2. State Guarantee**

Under the Ministerial Order to be signed prior to the Fund Formation Date, the Ministry of the Economy will issue a guarantee to the Fund in the amount of 162,300,000 euros, under the following conditions (hereinafter, the "*Guarantee*" or "*State Guarantee*"):

The Guarantee will secure, with a waiver of the benefit of discussion established in article 1,830 of the Civil Code, the payments of the principal and the interest of the A(G) Bonds as a result of the non-payment of the Loans, provided that the following requirements are met: (i) registration of the Prospectus with the CNMV; (ii) execution of the Fund Formation Deed and registration with the CNMV; (iii) confirmation by Rating Agencies, prior to the commencement of the Subscription Period, of the final credit ratings assigned to each Series; (iv) non-termination of the Subscription and Underwriting Agreement on the Placement of the Bond Issue and (v) submission of the documentation mentioned in the

following paragraph to the Directorate General of the Treasury and Financial Policy.

The Fund Manager must submit to the General Directorate for Financial Policy and Treasury: (i) a copy of the Informative Prospectus; (ii) an authorised copy of the Fund Formation Deed registered with the CNMV; (iii) a certificate issued by Banco de Sabadell, S.A. declaring that the Loans meet the conditions of the Framework Collaboration Agreement annexed to the Order of December 28, 2001 and that the loans have been selected from a portfolio of credit rights derived from financing operations (loans) granted by Banco de Sabadell, S.A. to Spanish SMEs, at least 90% of which are loans granted to small and medium enterprises according to the definition of the European Commission (Recommendation of 6 May 2003) (iv) a copy of the letters of the Rating Agencies notifying the final ratings assigned to each Bond series, recognised by the CNMV and (v) an authorised copy of the deed of disbursement of the Bonds subscription executed by the Fund Manager.

The Guarantee may be partially executed, there being no limit on the number of executions allowed.

The Guarantee will be called under the following circumstances for the amounts determined in each case:

1. On any Payment Date or Final Maturity Date or the date of the early settlement of the Fund in which the available funds or the funds available for settlement, whichever applies, were insufficient to pay the interest due on the guaranteed A(G) series bonds, once all payments have been made according to the Payment Priority Order and the Settlement Payment Priority Order.

In this case, the Guarantee will be called for an amount equal to the difference between the amount of the interest due and payable on the A(G) series bonds and the amount of the available funds applied to payment on the corresponding payment date or the amount of the funds available for settlement applied on the Fund settlement date.

The amounts received by the Fund to pay the interest due and payable on the A(G) bonds as a result of the Guarantee being called shall be used for the payment of such interest without being subject to the Payment Priority Order or the Settlement Payment Priority Order.

2. On any payment date other than the legal maturity date or the early settlement date of the Fund on which the funds available for amortisation are insufficient to amortise the A(G) series bonds in the corresponding amount, pursuant to the rules for the distribution of the funds available for amortisation among each class series due to an amortisation deficit.

In this case, the guarantee will be called for an amount equal to the difference between the amount of the principal of the Series A(G) bonds which would have been amortised had there been no amortisation deficit and the amount of the funds available for amortisation actually applied on the payment date in question.

The amounts received by the Fund as a result of the Guarantee being called to pay the amortisation of the guaranteed A(G) series bonds shall be used for the payment of such amortisation without being subject to the Payment Priority Order or the Settlement Payment Priority Order.

3. On the legal maturity date or early settlement date of the Fund, when the funds available for settlement are insufficient to amortise the A(G) series bonds in their entirety.

In this case, the Guarantee will be called for an amount equal to the difference between the outstanding balance of principal on the A(G) bonds and the amount of the funds available or the funds available for settlement actually applied to the amortisation on the date in question.

The amounts received by the Fund as a result of the Guarantee being called to pay the amortisation of the guaranteed A(G) series bonds shall be used for the payment of such amortisation without being subject to the Payment Priority Order or the Settlement Payment Priority Order.



Each time the Guarantee is called, the Fund Manager will notify the Directorate General of the Treasury and Financial Policy in writing, declaring the existence of a situation in which the funds available for amortisation or the funds available for settlement are insufficient pursuant to the preceding paragraphs and indicating the amount claimed for each item.

The payment, where applicable, of the amounts requested under the Warrantee, will be made by the Directorate General for the Treasury and Financial Policy within ninety (90) days counting from the date of the reception of the written requirement of the Fund Manager by means of a payment into the Treasury Account.

The Guarantee does not accrue any interest whatsoever.

Pursuant to the Resolution of 23 June 2005 of the General Directorate for Financial Policy and the Treasury, the Fund Manager shall notify the General Directorate for Financial Policy and the Treasury on each Payment Date (i) the Outstanding Balance of the Loans and the anticipated amortisation rates in annualised terms for the last month, quarter and year, (ii) data on the accounts in arrears since the Fund formation date, (iii) the outstanding balance of principal of the bonds in each series and (iv) the balance of the Reserve Fund, specifying the initial amount, the minimum amount required and the balance following the Payment Date.

The Fund Manager shall communicate to the Directorate General for the Treasury and Financial Policy on each Payment Date of the A(G) Bonds the outstanding balance of the A(G) bonds and also at the end of each fiscal year, an estimation of the financial charge of the A(G) bonds for the following fiscal year.

The amounts paid by the State under the Guarantee shall constitute an obligation to the State on the Fund's behalf, pursuant to the Payment Priority Order and the Settlement Payment Priority order established in the Fund Formation Deed and part 3.4.6. of this Supplemental addendum.

The refund of the amounts drawn against the Warrantee, whether they have been used for the payment of interest or for the reimbursement of the principal of the

Bonds of the secured A(G) Series bonds, will be made in each of the following Payment Dates, until its total refund, and it will be made at the charge of the Available Funds and the Funds available for amortisation, respectively, in accordance with the Payment Priority Order of the Fund and the Settlement Payment Priority Order.

In the event that according to the above rules, on a Payment Date, the Fund, in addition to returning the amount withdrawn at the charge of the State, must request another amount to pay the interest or principal of the Series A(G) Bonds, the net amount to be requested, or if applicable, returned, to the State, will be calculated and applied.

The Guarantee will be cancelled when all Series A(G) bonds have been fully amortised and in any event on the maturity date of the Fund.

The secured A(G) bonds will be assigned a provision rating of Aaa by Moody's and AAA by Fitch on the Formation Date. These ratings were assigned by the rating agencies without considering the Spanish government's guarantee in their analyses.

#### **3.4.7.3. Financial brokerage contract.**

Finally, the Fund Manager, on behalf of the Fund, will pay Banco de Sabadell, S.A. for the financial brokerage activities performed which have enabled the definitive financial transformation of the Fund's activity, the acquisition of the non-mortgage loans, the subscription of the mortgage transfer certificates and the satisfactory rating of each bond series.

The remuneration paid to Banco de Sabadell, S.A. under this heading consists of a variable amount that is subject to the difference between the annual income and expenses, according to the Fund's official accounting records, less any negative tax bases from previous fiscal years which may be used to compensate the accounting results of the fiscal year for the purposes of the annual Corporate Income Tax payment.

This amount will accrue annually at the end of each financial year of the Fund. Notwithstanding the above, this fee will be paid in instalments on each one of the Payment Dates.

The Financial Brokerage Margin (between the amounts paid in advance and the Fund's results at the end of the fiscal year) will be adjusted on the first Payment Date of the next year, according to the Payment Priority Order shown in part 3.4.6. of this Supplemental addendum, when the result of such adjustment is an amount payable by the Fund to Banco de Sabadell, S.A.

### **3.5 Name, address and significant economic activities of the Assignor of the securitised assets**

The originator and Assignor of the securitised loans is BANCO DE SABADELL, S.A.

Banco de Sabadell, S.A., with tax ID number A08000143, has its registered offices in Sabadell, Plaza de Cataluña, núm. 1. Its abbreviated name is Banco de Sabadell, S.A. Central services and decision-making bodies are located at this address and in Sant Cugat del Vallés, Polígono Can Sant Joan, Sena núm. 12.

The business activities of Banco de Sabadell, S.A. consist of the commercial banking activities corresponding to code 65.12 in the National Classification of Economic Activities (CNAE). Its business objectives are listed in article four of its Articles of Association.

The bank was founded on 31 December 1881 under the public deed witnessed by the notary public Antonio Capdevila Gomá for an indefinite period of time. Its Articles of Association were adapted to the Companies Act as required in Legislative Royal Decree 1564/1989 which approved the Revised Text of the Companies Act of 26 April 1990 and registered in the Barcelona Companies Registry on 29 May 1990, volume 20.092, page number B-1.561, folio 1, entry 580. The Articles of Association have since been amended and those amendments can be consulted at the company's registered offices indicated above.

Banco de Sabadell, S.A. is registered in the Bank of Spain's Register of Banks and Bankers under number 0081.

Banco de Sabadell, S.A., S.A. is a public limited company. Its operations are governed by special laws regulating credit institutions and its activities are supervised and controlled by the Bank of Spain.

### **Significant economic activities of Banco de Sabadell, S.A.**

The Banco de Sabadell, S.A. financial group operates primarily in banking, although it also has interests in the fields of insurance, real estate, investment and pension Fund management, financial brokering, global custody, asset management and brokering on domestic and international cash, capital and currency markets.

What follows is financial information for Grupo Sabadell, S.A. referring to the second quarter of 2005 and a comparison with the year before. The information at 30 June 2005 was prepared pursuant to International Financial Information Standards (hereinafter "*IFIS*") applicable according to EC Regulation 1606/2002 and the Bank of Spain's Circular 4/2004. The information at 30 September 2004 was also prepared according to IFIS for comparison purposes only, so that the figures for the two periods can be compared homogeneously.

#### **BALANCE SHEET (in thousands of euros)**

	30.06.2005	30.06.2004	Variation (in %)
Total Assets	48,227,425	45,021,304	7.1
Credit Investment	37,541,872	33,371,790	12.5
Customer resources	38,617,488	35,911,300	7.5
Shareholders' Equity	3,213,518	2,871,140	11.9

INCOME STATEMENT (in thousands of euros)

	30.06.2005	30.06.2004	Variation (in %)
Brokerage margin	473,873	467,775	1.3
Ordinary margin	773,074	739,690	4.5
Operating margin	373,679	324,907	15.0
Profit before taxes	320,006	234,710	36.3
Group profits	215,813	153,631	40.5

STOCK AND MARKET VALUE DATA

	30.06.2005	30.06.2004	Variation (in %)
Quoted price (in euros)	21.37	17.80	20.06
Market value (in thousands of euros)	6.539.293	5.446.861	20.06
Group profits	215.813	153.631	40.5%
Book value per share (in euros)	10.87	9.51	14.30%
PER (price/earnings ratio)(*)	15.15	17.73	-14.55
P/VC (price/book value ratio)	1.97	1.87	5.35

\*Stock market capitalisation at 30 June 2005 / Profits estimated by analysts

RELEVANT RATIOS (%)

	30.06.2005	30.06.2004	Variation (in %)
ROE (Return on equity)	14.86	11.40	30.44
ROA (Return on assets)	0.93	0.69	34.78
Efficiency ratio	54.19	56.49	-4.07
Efficiency ratio	50.68	53.48	-5.24
Delinquency rate	0.53	0.58	-8.62
Coverage rate	365.91	341.11	7.27

CAPITAL RATIOS (BIS REGULATION) (%)

	30.06.2005	30.06.2004	Variation (in %)
Total (Ratio BIS)	12.12	12.20	-0.1
TIER 1	8.32	8.15	2.09

#### ADDITIONAL INFORMATION

	30.06.2005	30.06.2004	Variation (in %)
Number of shares (thousands)	306,003	306,003	0
Number of shareholders	65,665	67,728	-3.05
Number of employees	9,445	9,975	-5.31
Number of domestic offices	1,067	1,161	-8.10

#### **3.6. Yield and/or return on securities related to others that are not the Assignor's assets**

Not applicable.

#### **3.7 Administrator, calculation agent or similar**

##### **3.7.1. Management, administration and representation of the bondholders.**

"GC FTPYME SABADELL 4, Fondo de Titulización de Activos" will be formed by "Gesticaixa, SGFT, S.A." as the Fund Manager empowered to act as such and consequently to act as the administrator and legal representative of the GC FTPYME SABADELL 4 Fund pursuant to the provisions of Royal Decree 926/1998 of 14 May which regulates asset securitisation funds and the managers of asset securitisation funds.

The Fund Manager will perform for the Fund those functions attributable to it in Royal Decree 926/1998.

The Fund Manager, as the manager of unrelated business, shall also represent and defend the interests of the bondholders and of the rest of the ordinary creditors of the same. Consequently, the Fund Manager will limit its actions to the defence of those interests in accordance with the laws in force at any given time.

The bondholders and other ordinary creditors of the Fund will not have any action against the Fund Manager, except for the breach of its duties or the inobservance of that set forth in the Deed of Formation and the Prospectus.

### **3.7.1.2. Administration and representation of the Fund**

The obligations and actions of the Fund Manager in fulfilment of its administrative and legal representation functions include but are not limited to the following:

- (i) Manage the Fund with the objective that its patrimonial value be null at every moment;
- (ii) Carry out the accounting of the Fund, with due separation from its own accounting, effectuate the rendering of accounts and carry out the fiscal obligations or any other legal obligations corresponding to the Fund.
- (iii) Verify that the revenues received by the Fund match the revenues which the Fund should receive pursuant to the different agreements from which those revenues are derived. If necessary, take legal or extrajudicial actions to protect the rights of the Fund and those of the Bondholders.
- (iv) Use the Fund's revenues to satisfy the Fund's payment obligations in accordance with the Deed of Formation and the Prospectus.
- (v) Extend or modify the contracts signed on behalf of the Fund to allow the Fund to operate in the terms set out in the Deed of Formation and the Prospectus, provided that this is allowed under the laws in force at all times, that authorisation is obtained from the competent authorities as needed, that the Rating Agencies are notified and that neither the interests of the Bondholders nor the ratings assigned by the Rating Agencies are jeopardised.

- (vi) Perform the calculations it is obliged to perform under the Interest Swap Contract.
  
- (vii) Replace each and every one of the Fund's service providers in the terms set forth in the Deed of Formation and the Prospectus, provided that this is allowed under the laws in force at all times, that authorisation is obtained from the competent authorities as needed, that the Rating Agencies are notified and that neither the interests of the Bondholders nor the ratings assigned by the Rating Agencies are jeopardised. In particular, should the Assignor default on its obligations as the administrator of the Loans, the Fund Manager will take the measures necessary to ensure the proper administration of the Loans.
  
- (viii) Issue the pertinent instructions to the payment agent in relation to the Treasury Account and the Amortisation and ensure that the amounts deposited therein earn the yields agreed in the respective contracts.
  
- (ix) Issue the pertinent instructions to the payment agent in relation to the payments to be made to Bondholders and any other entities to whom payments must be made.
  
- (x) Determine and make the principal and interest payments on the Loan for Initial Expenses, the Loan for the First Interest Period and the Reserve Fund Loan.
  
- (xi) Issue the pertinent instructions in relation to the State Guarantee.
  
- (xii) Certify to the Directorate General of the Treasury and Financial Policy and the Directorate General of SME Policy on each payment date the outstanding principal of the A(G) series bonds and the anticipated amortisation dates and



non-preset amounts affecting the balance of the outstanding principal of the A(G) series bonds.

- (xiii) Appoint and, if necessary, replace the Fund auditors with the prior approval of the CNMV if required.
- (xiv) Prepare and forward any information reasonably requested by the Rating Agencies, the CNMV or any other supervisory body.
- (xv) Prepare and submit to governing bodies all documents and information which must be submitted as established by the CNMV; prepare and forward all legally-required information to bondholders.
- (xvi) Take the opportune decision in relation to the settlement of the Fund, including the decision to settle the Fund early and to redeem the bond issue early. Likewise, adopt the appropriate decisions in the case of the termination of the formation of the Fund.
- (xvii) Determine the interest rate applicable to each series and class of Bonds for each Interest Accrual Period and the principal of each series to be amortised on each Payment Date.
- (xviii) Exercise the rights inherent to the ownership of the Non-Mortgage Loans and the Mortgage Transmission Certificates acquired by the Fund.
- (xix) Provide the Bondholders, CNMV and Rating Agencies any and all information and notices required by law.

The Fund Manager will have available for the public all the documentation and information necessary in accordance with the Deed of Formation and the Prospectus.

### **3.7.1.3. Resignation and substitution of the Fund Manager**

#### **Substitution of the Fund Manager**

The Fund Manager will be substituted in the administration and representation of the Fund, in conformity with articles 18 and 19 of Royal Decree 926/1998 that are reproduced below and with the subsequent dispositions that may be established as regulations to that effect.

#### **In the event of resignation,**

- (i) The Fund Manager may resign from its duties of administration and legal representation of all or part of the funds that it manages when it deems appropriate, by written request to the CNMV, in which it is stated the designation of the Fund Manager to substitute. The said document shall be accompanied by another one from the new Fund Manager in which it declares its acceptance of such duties and incorporates the corresponding authorisation.
- (ii) The authorisation of the substitution on the part of the CNMV will be conditioned by the fulfilment of the following requirements:
  - a) The delivery to the new Fund Manager of the accounting and electronic registries by the substituted Fund Manager. Such delivery will only be considered to have taken place when the new Fund Manager can fully assume its role and communicates this circumstance to the CNMV.
  - b) The ratings assigned to the bonds by Rating Agencies shall not be diminished as a consequence of the proposed substitution.

- (iii) In no case shall the Fund Manager resign from the exercise of its duties until all the requisites and procedures have been fulfilled so that its substitute is able to assume its duties.
- (iv) The expenses that result from the substitution will be charged to the resigning Fund Manager and in no case shall be imputed to the Fund.
- (v) The substitution shall be published, in a period of fifteen days, by means of an advertisement placed in two newspapers of national circulation and in the bulletin of the organised secondary market where the bonds issued by the Fund are listed. Likewise, the Fund Manager should notify the Rating Agencies of the substitution.

**In the case of mandatory replacement,**

- (i) When the Fund Manager is declared in receivership, it should proceed to find a Fund Manager to replace it, in accordance with that foreseen by the above paragraph.
- (ii) Always where, in accordance with the previous section, four months have elapsed since the determining event for substitution and a new Fund manager has not been found willing to take on the management, the Fund will be settled early and the Bonds issued against the Fund and of Loans will be amortised early.

The Fund Manager will be obliged to grant the public and private documents necessary to proceed with the replacement by the other Fund Manager, in conformity with the foreseen regime of the prior paragraphs of this section. The replacement Fund Manager shall assume all of the rights and obligations which, pursuant to the Deed of Formation and the Prospectus, correspond to the Fund Manager. Likewise, the Fund Manager should hand over to the substituting Fund Manager as many documents and accounting and computer registries to the Fund as are in its power and possession.

#### **3.7.1.4. Subcontracting**

The Fund Manager will be authorised to subcontract or delegate in third-parties of recognised solvency and capacity, the rendering of any of the services that must be performed in the course of its duties as legal representative and administrator of the Fund, in accordance with that established in the Deed of Formation, always where the subcontractor or delegate has waived the right of any action of demand of responsibility against the Fund. Either way, the subcontracting or delegation of any service: (i) may not involve any additional cost or expense for the Fund (ii) must be legally permissible (iii) must not result in a downward adjustment of the rating assigned to each bond series by Rating Agencies and (iv) must be notified to the CNMV, obtaining its prior consent if legally required. However, in the event of subcontracted or delegated services the Fund Manager shall not be released or exonerated from the responsibilities assumed in the Deed of Formation which are legally ascribable to or demandable from it.

#### **3.7.1.5. Remuneration of the Fund Manager**

The Fund Manager will be remunerated quarterly on each payment date according to the following rules:

(i) The Fund Manager will receive an initial fixed remuneration of 50,000 euros, on the Fund Disbursement Date.

(ii) The Fund Manager will also receive a periodic commission to be paid quarterly on each payment date composed of a fixed portion of 3,000 euros plus one-fourth of 0.0140% of the outstanding balance of the principal of the Bond on the payment date immediately prior thereto. The periodic commission on each payment date may not be less than 7,500 euros or more than 25,000 euros.

It will be calculated using the following formula:

$$R_t = 3000 + (0.014\% * N_i) * (d_i/360)$$

Where:

$N_i$  = is the outstanding balance of the principal on the bonds at the beginning of the period.

$d_i$  = is the number of days in the period.

Therefore, on the first payment date the remuneration payable to the Fund Manager based on a 90-day quarter would be equal to:

$$R_t = 3,000 + (0.014 / 100 * 750,000,000) * (90 / 360) = 29,250 \text{ euros.}$$

Since  $29,250 > 25,000$ , the periodic commission would be 25,000 euros

These remuneration figures are understood as gross in the sense that they include any and applicable direct or indirect taxes or withholdings.

If the Fund Manager is replaced as provided for in the next section, the payments mentioned therein may be modified as a consequence of the selection of a replacement Fund Manager, but only after the new conditions are agreed with the Assignor.

### **3.7.2. Administration and custody of the securitised assets**

Banco de Sabadell, S.A., as the Assignor of the loans to be acquired by the Fund pursuant to the provisions of Article 2.2.b) of Royal Decree 926/1998 and in respect of the mortgage transfer certificates in articles 61.3 of Royal Decree 685/1982, shall continue to be responsible, as the Fund's agent represented by the Fund Manager, for the administration and management of the loans (hereinafter, the "*Administrator*"). The relationship between Banco de Sabadell, S.A. and the Fund, represented by the Fund Manager, inasmuch as the custody and administration of the loans and the deposit of the mortgage transfer certificates are concerned, is regulated in the Administration Agreement.

Banco de Sabadell, S.A. shall accept the mandate received from the Fund Manager in the Administration Agreement.

Within the framework of its mandate, Banco de Sabadell, S.A. may take any actions it considers reasonably necessary or convenient, employing the same diligence and procedures to recover the unpaid amounts of the loans as it would were the credits rights part of its own portfolio. To this end, it may take the habitual actions in this type of situation.

In the event of the non-payment of any principal or interest on a mortgage transfer certificate due to non-payment of the mortgage loan by the debtor, the Fund Manager, on behalf of the Fund as the holder of the mortgage transfer certificates, shall be vested with all of the powers foreseen in article 66 of Royal Decree 685/1982.

In the event of the situations of concurrence regulated in part b) of article 66 of Royal Decree 685/1982, the remaining proceeds will be distributed in the manner described in the said article.

Under any of the circumstances described in parts c) and d) of articles 66 of Royal Decree 685/1982, the Fund Manager, in representation of the Fund, may ask a competent Judge or Notary Public to commence or continue the execution proceedings. Said request shall be accompanied by the original Mortgage Transfer Certificate with the breakdown, the notarised summons mentioned in part (c) above and a certificate of the registration and existence of the mortgage in the register. Banco de Sabadell, S.A. will be obliged to issue a certificate of the outstanding balance of the Mortgage Loan.

Likewise, in these cases in which the Fund Manager, in representation of the Fund, assumes the position of Banco de Sabadell, S.A. in the procedures instigated by the latter or initiates a process of mortgage execution, the Fund Manager shall proceed with the sale of the adjudicated properties in the shortest possible period under market conditions.

The Assignor shall have the right to first refusal for the purchase of those properties that had been mortgaged in guarantee of the Mortgage Loans that it

administers and which are awarded to the Fund or, within a period of five business days from the date upon which verifiable notification is given through the Fund Manager of the intention to transfer the property. The right of first refusal shall imply that the Assignor may acquire the property under the best terms that have been offered to the Fund Manager.

All the operations indicated in this section with regard to the Mortgage Transfer Certificates shall be carried out under the terms set forth under Heading IV of Book III of the Code of Civil Procedure.

With regard to the non-mortgage loans formalised in a public instrument, if the non-compliance were the result of non-payment by the Debtors, the Fund, represented by the Fund Manager, shall have the right to executive action against the Debtors in accordance with the processes set forth for said procedure in the Civil Procedure Code. This right shall be exercised by the Fund Manager, in representation of the Fund, only in the event that the Administrator does not exercise his duties in accordance with habitual use.

With regard to the non-mortgage loans formalised in public instruments, the Fund, represented by the Fund manager, shall be entitled to take declarative action against the Debtor without the need to notify the debtor of the assignment, provided always that the debtor has not repaid Banco de Sabadell, S.A. as the original creditor, accrediting its legitimacy by means of the Deed of Formation, only in the event that the Administrator does not exercise his duties in accordance with habitual use.

Neither the bondholders nor any other creditor of the Fund will have the right to any direct action against the Debtors that have defaulted on their payment obligations. The Fund Manager, as representative of the Fund, is the party that holds said right of action in the terms described in this section.

The Administration, by reason of its mandates, undertakes as follows:

- i) To exercise the administration and management of the Loans acquired by the Fund in the terms of the regime and ordinary procedures of administration and management set forth in part 2.2.7. of this Supplemental addendum and Annex 10 of the Deed of Formation.

ii) To continue administrating the Loans, dedicating the same time and attention to them and the same level of skill, care and diligence in the administration of same that it would dedicate and exercise in the administration of its own loans. Under all circumstances, Banco de Sabadell, S.A. shall exercise an adequate level of skill, care and diligence in the provision of services within the bounds of that mandate.

iii) That the procedures that it applies and will apply for the administration and management of the Loans are and will continue to be in conformity with the applicable laws and legal regulations in force.

iv) To carry out the instructions of the Fund Manager with due allegiance.

v) To indemnify the Fund for damages that may derive through breach of the contractual obligations.

The most relevant terms of the management and administration mandate are set out below in the following paragraphs of the present section.

The Administrator waives the powers and privileges lawfully conferred upon it as the Fund's collections manager, as administrator of the Loans and as repository of the corresponding contracts; specifically those stipulated in articles 1,730 and 1,780 of the Civil Code and 276 of the Commercial Code.

### **3.7.2.1. Regime and ordinary procedures of administration and management of the Loans**

The succinct description and summary of the regime and ordinary procedures of administration and management of the Loans regulated through the Administration Contract is the following:



### **1. Custody of deeds, documents and files**

The Administrator will keep all deeds, contracts, documents, and data files relative to the Loans and will not abandon the possession, custody or control of same without prior written consent from the Fund Manager to that effect, except when a document is required to initiate proceedings for the demand of a Loan, or it is demanded by any other competent authority, informing the Fund Manager.

The Administrator will reasonably facilitate the access, at all times, to said deeds, contracts, documents and registries, to the Fund Manager or the Fund auditors, duly authorized to this effect. Likewise, if the Fund Manager requests it, the Administrator will facilitate, at no charge, and within fifteen (15) Business Days following the request, a copy or photocopy of any of the said deeds, contracts and documents.

### **2. Collections Management**

The Administrator will continue with the collection management of all amounts that should be satisfied by the Debtors deriving from the Loans, as well as any other concept including those that correspond to the property damage insurance contracts on the mortgaged property securing the Mortgage Loans. The Administrator shall exercise due diligence so that the payment that the Debtors should make is collected in accordance with the contractual terms and conditions of the Loans.

Payment by the Fund Administrator of the amounts received through the Loans that it administers shall be made in the manner described in part 3.4.5. above.

### **3. Fixing of the interest rate**

The Administrator will continue to set the adjustable interest rates as established in the loan agreements, making the pertinent notifications in this regard.

#### **4. Information.**

The Administrator must periodically communicate to the Fund Manager the information relating to the individual characteristics of each one of the Loans, with regard to compliance by the Debtors of their payment obligations of the Loans, with regard to the arrears situation, with regard to the changes made to the characteristics of the Loans, and with regard to the actions of demanding payment in the case of arrears and of judicial actions, all through the procedures and with the periodicity established in the Administration Contract.

Likewise, in the event of non-payment, the Administrator must prepare and surrender whatsoever additional information requested by the Fund Manager with regard to the Loans or the rights derived from same.

#### **5. Subrogation of the Loans.**

The Administrator will be authorized to allow substitutions in the position of the Debtor in the Loans contracts, exclusively in the cases where the characteristics of the new Debtor are similar to those of the old and they fit the criteria for the granting of the loans described in the corresponding memorandum governing the criteria for the granting of loans, annexe to the Fund Formation Deed and in part 2.2.7. of the Supplemental addendum, and providing that the expenses derived from this modification are paid in their entirety by the Debtors.

The Fund Manager can limit in whole or in part this legal authority of the Administrator or establish conditions to the same, when said substitutions could negatively affect the ratings granted to the Bonds by the Rating Agency.

With regard to the Mortgage Loans, the Debtor may instigate the subrogation of the Administrator in the aforementioned mortgage loans under the protection of the provisions set forth in Law 2/1994. The subrogation of a new creditor in the Mortgage Loan and the resulting payment of the amount owed will produce the early amortisation of the Mortgage Loan and of the corresponding Mortgage Transfer Certificate.

## **6. Powers and actions in relation to the renegotiation of the Loans.**

The Administrator cannot voluntarily cancel the Loans or their guarantees for any reason apart from the payment of the Loan, surrender or compromise these, nor cancel in whole or in part or extend them, nor in general realise any other act that diminishes the legal effectiveness or economic value of the Loans or the guarantees, without prejudice to attending to the petitions of the Debtors with the same diligence and procedure that it would if the Loans were its own.

Notwithstanding the above, the Fund Manager may, as the manager of third-party businesses and in response to the requests of the Debtors made to the Administrator made either directly through the exercise of Law 2/1994, give instructions to the Administrator or authorise it in advance to agree with the Debtor under the terms and conditions that it deems fit in accordance with the requirements set forth in this section on the re-mortgaging of the Loan in question, either by renegotiating the interest rate or extending the maturity date, but never beyond the Final Maturity Date.

### **a) Renegotiating of the interest rate**

In no case will the Administrator be able to open by its own initiative, without request by the Assigned Debtor, renegotiations of the interest rate that could result in a decrease in the interest rate applicable to a Loan.

Without prejudice to that which will be determined next, all renegotiation of the interest rate signed by the Administrator, will take place only with the prior written consent of the Fund Manager, in representation of the Fund. The Administrator should request said consent of the Fund Manager as soon as it is aware that a Debtor requests a renegotiation. However, the Fund Manager shall initially authorise the Administrator to strike up and to accept renegotiations of the interest rate applicable to the Loans, requested by the Debtor, without the need for prior consent of the Fund Manager, subject to the following requirements of generic qualification:

- i) Without prejudice to the provisions determined in the following section ii), the Administrator may renegotiate the clause of the rate of interest of

the Loans in conditions that are considered to be market conditions and are not different to those that the Administrator would apply in the renegotiating or in the granting of its credits and loans. For these purposes, the rate of interest shall be taken as the market rate of interest offered by credit institutions in the Spanish market for loans and credits of a similar amount and featuring conditions that are similar to the Loan.

ii) Notwithstanding the contents of the preceding paragraph, the Administrator can no longer carry out future renegotiations of interest rates if the average weighted interest of the loans is less than the Euribor at three (3) months plus an annual margin of 1% on Determination Date. Under no circumstances may the rates be renegotiated to fixed rates.

iii) The renegotiation of the interest rate applicable to a loan shall under no circumstances be modified to a variable rate of interest with a reference index that is different to the interest rate reference indexes that the Administrator uses for the loans or credits extended.

**b) Extension of the maturity date**

The date of final maturity or of the last amortisation of the Loans can be extended subject to the following rules and limitations:

i) In no case will the Administrator be able to begin by its own initiative, that is, without being by request of the Debtor, the modification of the final due date of the Loan, from which could result the extension of the same. The Administrator, without encouraging the extension of the due date, should act in relation to said extension always with the interests of the Fund in mind.

ii) The amount that is the sum of the capital or principal of the Loans assigned to the Fund over which a deadline extension occurs shall not exceed 10% of the initial capital or principal of all the Loans assigned to the Fund.

iii) The extension of the due date for any particular Loan may be carried out so long as the following requirements are met:

a) In all cases, the frequency of the instalment payments of the capital or principal of the Loan is maintained or reduced, while maintaining the same amortisation system.

b) That the new final due date or date of final amortisation will, at the latest, be 30.04.35.

c) That there will have been no delay in the payment of due debits greater than ninety (90) days during the last six months prior to the extension of the repayment date.

The Fund Manager, in representation of the Fund, will be able, in any given moment, to cancel, suspend or modify the authorisation and requirements for the renegotiation on the part of the Administrator that are established in this section, or in the case of modification, it has previously authorized. In any case, all renegotiation of the interest rate or due date for the Loans being or not generically modified, shall be undertaken and resolved with the interests of the Fund in mind.

When any renegotiation of a Loan takes place, the Administrator will communicate immediately to the Fund Manager the conditions resulting from each renegotiation. Said communication will take place through the electronic registry foreseen for the updating of the Loans conditions.

The contractual documents that document the novation of the renegotiated Loans will be entrusted with the Administrator in conformity to that established in paragraph 1 of the present section.

## **7. Action against Debtors in case of Loan default**

### **Action in the case of delay**

The Administrator will apply equal diligence and procedure to the claim for the amounts owed and not satisfied to the Assigned Assets as it would for the rest of the loans in its portfolio.

In the case of breach on the payment obligations by the Debtor, the Administrator will carry out the actions described in the Administration Contract, adopting to that effect the measures that it would normally take if the loans of its own portfolio were involved and acting in accordance with good banking use and practice for the collection of the amounts owed. In this case the Administrator shall be obliged to meet those expenses necessary to carry forth said actions, without prejudice to the right to reimbursement from the Fund. Such actions include all judicial or extrajudicial actions that the Administrator considers necessary for the claim and collection of the amounts due by the Debtors.

### **Judicial Actions**

The Administrator, by virtue of the fiduciary title to the Loans or by virtue of its powers that are mentioned in the following paragraph, will exercise the corresponding actions against the Debtors that default on their payment obligations derived from the Loans. Such actions may be exercised either through the court enforcement proceedings set forth in articles 517 and following of the Civil Procedures Act (Ley de Enjuiciamiento Civil) or the declarative proceedings contained in the Civil Procedures Act, whichever applies.

For the foregoing purposes and for the purposes of the provisions set forth in articles 581.2 and 686.2 of the Civil Procedure Law, as well as wherever necessary, the Fund Manager in the Formation Deed bestows power of attorney as broad as may be required by law in favour of Banco de Sabadell, S.A. so that the latter, acting through any of its representatives with sufficient authority to that end, may, in name and representation of the Fund Manager as legal representative of the Fund, demand, through any judicial or extra-judicial means,

that the Debtor of any of the Loans pay its debt. Furthermore, Banco de Sabadell, S.A. shall be empowered to carry out legal action against same, in addition to other faculties required for the exercise of its functions as Administrator. These faculties may be extended or modified through another deed if necessary.

In relation to the credit rights derived from the Loans, the Administrator should, in general, present an executive or declarative demand, whichever applies as indicated in part 3.7.2 of this Supplemental addendum, if during a period of six (6) months, the Assigned Debtor of a Loan that has defaulted on its payment obligations has not resumed payments to the Administrator and the Administrator, with the consent of the Fund Manager, fails to obtain promise of payment satisfactory for the interests of the Fund. The Administrator, in any case, should proceed immediately to the presentation of the executive or declarative demand, whichever applies, if the Fund Manager, in representation of the Fund, and the previous analysis of the specific circumstances, deem it appropriate.

If six (6) months have elapsed since the earliest date of default, without the Debtor resuming the payments or without restructuring of same, and the Administrator has failed to present an executive or declarative demand, whichever applies according to part 3.7.2., without sufficient justification for such failure, then the Fund Manager, in representation of the Fund, will proceed immediately to the initiation of the judicial proceedings corresponding to the total demand of the debt.

In the case of a halt in the proceedings pursued by the Administrator without motive sufficient to justify it, the Fund Manager, in representation of the Fund, will be able, if appropriate, to subrogate itself to the position of the Administrator and continue with the judicial process.

The Administrator is obliged to provide timely information of the requests for payment, judicial actions, or any other circumstances that affect the collection of the pending overdue amounts for the Loans (see also point 3.7.2. of this Supplemental addendum). Likewise, the Administrator will facilitate to the Fund Manager all the documentation that it may request in relation to said Loans and, in particular, the documentation necessary for the commencement, in its case, of legal actions by the Fund Manager.

## **8. Insurance for damage to the mortgaged real estate**

The Administrator shall not take or fail to take any measure when such action would result in the cancellation of any fire or property damage insurance policy on the mortgaged real estate or that would result in the reduction of the amount to be paid in any claim on the same. The Administrator must exercise due diligence and, in any case, exercise the rights that the insurance policies or that the Loans confer on it with the object of maintaining said policies in force with full effect (or any other policy that grants equivalent cover) in relation to each Mortgage Loan and the corresponding property.

The Administrator, in case of an accident, should coordinate the collection of the indemnities derived from the fire and property damage insurance policies on the mortgaged property in accordance with the terms and conditions of the Loans and the policies themselves, depositing to the Fund, in its case, the amounts collected. Banco de Sabadell S.A. shall bear the costs incurred as a result of (i) the non-existence of a property damage insurance policy or (ii) non-payment of any insurance policy premiums on the mortgaged properties.

## **9. Compensation**

In the event that any of the Debtors maintains a right to a cash credit, due and demandable against the Administrator and, as such it results that any of the Loans is compensated, in whole or in part, against such right of credit, the Administrator will remedy such circumstance or, if it is not possible to remedy it, the Administrator will proceed to deposit to the Fund the amount that had been compensated plus the interest accrued that would have corresponded to the Fund up until the day on which the deposit is made, calculated in accordance with the applicable conditions of the corresponding Loan.

## **10. Subcontracting**

The Administrator may subcontract any of the services that it has agreed to provide by virtue of the foregoing and the Deed of Formation, except for those that cannot be delegated under applicable law. Said subcontracting shall not in any case suppose additional cost or expense to the Fund or the Fund Manager,



and shall not cause a lowering of the rating granted to each of the Series of Bonds by the Rating Agencies. Notwithstanding any subcontracting or delegation, the Administrator will not be exonerated or liberated, through such subcontracting or delegation, from any of its assumed responsibilities or any responsibilities legally attributable to it.

## **11. Notifications**

The Fund Manager and the Assignor have agreed not to notify the debtors of the assignment. Notification is not a prerequisite for the validity of the assignment of the mortgage and non-mortgage loans or for the issue of the mortgage transfer certificates.

However, the Assignor will shall grant the broadest powers allowed by law to the Fund Manager so that the latter may, on behalf of the Fund, notify the debtors of the assignment when it deems appropriate.

However, in the event of bankruptcy or any indication of receivership by the Bank of Spain, of settlement of replacement of the Administrator or if the Fund Manager considers it reasonably justified, the Fund Manager may require the Administrator to notify the debtors of the transmission of the outstanding loans to the Fund and of the fact that the payments associated therewith will only release them from their obligations if made to the Cash Account open in the Fund's name. However, if the Administrator fails to notify the Debtors within three (3) days of being required to do so or if the administrator goes bankrupt, the Fund Manager itself will notify the Debtors directly. The Fund Manager will issue the notice as quickly as possible.

The Assignor shall pay for the cost of notifying the debtors, even if the notice is made by the Fund Manager.

### **3.7.2.2. Term and substitution**

The services will be rendered by the Administrator until, once the totality of the Loans acquired by the Fund are amortized, the obligations assumed by the

Administrator are extinguished, or when the settlement of the Fund in concluded, without prejudice to the possible early revocation of its mandate in conformity with the terms set forth below.

**Mandatory replacement:** Should the Fund manager verify a breach by the Assignor, as the administrator of the loans, of its obligations assumed as such or the occurrence of events which, in the opinion of the Fund Manager, constitute an danger or risk for the financial structure of the Fund or the rights and interests of the bondholders, the Fund Manager may, as long as it is legally allowed, (i) replace the Assignor as the administrator of the loans or (ii) demand that the Assignor subcontract or delegate its obligations in a third party who, in the Fund Manager's opinion, has the technical capacity needed to perform the functions. The Fund Manager shall consider the Assignor's proposals on the designation of a replacement. The Assignor shall be obliged to subcontract or delegate its obligations.

Furthermore, in the event of a corporate, regulatory or court decision ordering the settlement, dissolution or receivership of the Assignor, or if the Assignor were to file for bankruptcy or if a request filed by a third party were admitted, the Fund Manager would be entitled to replace the Assignor as the administrator of the loans provided that such replacement is permitted under the law.

The new administrator of the loans will be appointed by the Fund Manager following consultation with the competent administrative authorities so that the ratings assigned to the bonds by the rating agencies are not jeopardised. The rating agencies will be informed of the new appointment. The Fund Manager may agree with the new administrator the amount to be received against the Fund.

**Voluntary Replacement:** If the law allows, the Assignor may ask to be replaced as the administered of the loans. The Fund Manager shall authorise the replacement provided always that the Assignor has found a replacement to act as the administrator and that the ratings assigned by the Rating Agencies will not be affected. The Rating Agencies shall be duly notified.

In the event of replacement, either mandatory or voluntary, the Assignor shall make all documentation and computer records needed by the new administrator to perform its functions readily available to it.

The mandate granted by the Fund Manager, on behalf of the Fund, to the administrator will be terminated if the Ratings Agencies fail to confirm as final the provisional ratings of each of the Series before the start of the Subscription Period.

Any additional cost or expense derived therefrom will be covered by the Administration but never by the Fund or the Fund Manager.

### **3.7.2.3. Responsibility of the Administrator and Indemnification**

In no case will the Administrator have any responsibility in relation to the obligations of the Fund Manager in its capacity as administrator of the Fund and manager of the interests of the Bondholders, nor in relation to the obligations of the Debtors derived from the Loans, this without prejudice to the responsibilities assumed by it in the Formation Deed as Assignor of the Loans acquired by the Fund.

In accordance with that set forth in Royal Decree 926/1998 and in Law 19/1992, the Bondholders will run the risk of default on the Loans. As such, the Assignor does not assume any responsibility for the default of the Debtors, be it in the principal or in the interest that they could owe by virtue of the Mortgage Loans and/or the Non-Mortgage Loans.

The Administrator assumes the obligation to indemnify the Fund or the Fund Manager for any damage, loss or expense these may have incurred by reason of the breach by the Administrator of its obligations of administration, management and information of the loans and custody of the mortgage transfer certificates.

The Fund Manager, in representation and on behalf of the Fund, as holder of the Mortgage Transfer Certificates, will have, in its case, executive action against Banco de Sabadell, S.A. as issuer of the Mortgage Transfer Certificates for the effectiveness of the due dates of the Mortgage Transfer Certificates for principal and interest, when the breach of the payment obligation on said concepts is not a consequence of the failure to pay by the Debtors of the Mortgage Loans. Furthermore, the Fund Manager shall be entitled to take the pertinent actions for the effectiveness of the due dates of the non-mortgage loans when the non-

compliance is not the consequence of non-payment by the debtors of the non-mortgage loans, pursuant to the provisions of part 3.7.2. of this Supplemental addendum and the terms of this section.

Neither the bondholders nor any other creditor of the Fund will have any right of action against the Assignor. Rather, the Fund Manager, as representative of the Fund that owns the loans, holds the rights to such actions.

#### **3.7.2.4. Remuneration of the Administrator**

In consideration for the custody, administration and management of the loans, the Administrator will be remunerated quarterly on each payment date in an amount equal to 0.01% of the outstanding balance of the loans on the Fund payment date immediately preceding. This commission is understood as gross in the sense that it includes any and applicable direct or indirect taxes or withholdings.

If the Assignor were replaced as the administrator, the administration commission, which may be higher, would be moved to number (i) of the Payment Priority Order described in part 3.4.6. above.

#### **3.8 Name, address and brief description of any counterparty for swap, credit, liquidity or account operations:**

Banco de Sabadell, S.A. is the Fund's counterparty in the operations listed below.

(i) Treasury Account.

Guaranteed Interest Rate Contract (Treasury Account), described in part 3.4.4.1. of this Supplemental addendum

(iii) Amortisation Account:

Guaranteed Interest Rate Contract (Amortisation Account), described in part 3. 4. 4.2. of this Supplemental addendum.

(iii) Loan for Initial Expenses:

Loan Contract for Initial Expenses,

Described in part 3.4.3.1. of the Supplemental addendum

(iv) Loan for First Interest Period:

Loan Contract for First Interest Period.

Described in part 3.4.3.2. of the Supplemental addendum

(v) Reserve Fund Loan:

Reserve Fund Loan Contract

Described in part 3.4.3.3. of the Supplemental addendum

(iv) Interest Swap:

Interest swap contract.

Described in part 3.4.7.1 of the Supplemental addendum

The data on Banco de Sabadell, S.A. and its activities are contained in part 5.2. of the Registration Document and in part 3.1. of the Prospectus Schedule, respectively.

#### **4. POST ISSUE INFORMATION**

##### **4.1. Obligations and periods for making periodic economic-financial information on the Fund available to the public and for submission to the National Securities Market Commission.**

The Fund Manager, as the administrator and manager of the Fund, undertakes to provide, as quickly as possible or by the established deadlines, the information described below and any additional information reasonably requested of it.

#### 4.1.1. Ordinary periodic notifications

The Fund Manager will have available for the public all the documentation and information necessary in accordance with the Deed of Formation.

1. In the period covered between the Date of Interest Rate Fixing and a maximum of three (3) Business Days following each Payment Date, the Fund Manager will proceed to communicate the Nominal Interest Rate applicable to each series of Bonds for the following Interest Accrual Period to the Bondholders.
2. Every quarter, a minimum of one (1) Business Day before each Payment Date, the Fund, through the Fund Manager, shall notify the Bondholders of the interest from the Bonds of each Series, together with the redemption of same, as appropriate, as well as:
  - (i) The real early redemption fees of the Loans of the preceding Determination Date;
  - (ii) The estimated average residual life of the bonds with the hypothesis of maintaining said early amortization real rate on the loan principal and with the rest of the hypotheses set forth in part 4.10 of the Prospectus Schedule.
  - (iii) The balances of Outstanding Payment Principal, following the redemption to be settled on each Payment Date of each Note Series, and the percentages that said balances of Outstanding Payment Principal represent over the initial face value of the Bonds.
  - (iv) If appropriate, the Bondholders shall be informed of the amounts of interest and redemption accrued but unpaid due to a shortage of Available Funds, in accordance with the Priority Payment Rules.

The previous notifications will be likewise communicated to Iberclear, CNMV, payment agents and AIAF at least two (2) Business Days before each Payment Date.

3. Within four (4) months of the end of the accounting period, the Fund

Manager will issue a report containing:

- (v) A report on the portfolio of Loans pooled into the Fund, the balance of the Amortisation Fund and the Treasury Fund, the balance, the profit and loss account, the auditor's report and an annex specifying the accounting principles applied.
  - (vi) A management report containing:
    - a) The Outstanding Balance of the Loans.
    - b) The percentage of Loans repaid early.
    - c) The changes in the early-repayment fee.
    - d) The amount of unpaid Loans.
    - e) The amount of Defaulted Loans
    - f) The average life of the Loan portfolio.
    - g) The average rate of the Loans portfolio.
    - h) The Outstanding Balance of Principal on the Bonds.
    - i) If applicable, the amount of unpaid accrued interest corresponding to the Bonds.
    - k) A detailed analysis of the evolution of the Fund and the factors that have affected said result.
    - l) The amount and the variations of the expenses and management fees incurred during the accounting period.
4. The Fund Manager will provide a quarterly report to the CNMV and to the AIAF, within one month of the end of each quarter, on the evolution of the Loans incorporated into the Fund, as well as the balance of the Amortisation Account and the Treasury Account, and the relevant information on the Fund and the incorporated Loans.

All the information of a public nature regarding the Fund can be found at the address of the Fund Manager, on the web page of the Fund Manager ([www.gesticaixa.com](http://www.gesticaixa.com)) and on the websites of the underwriting agencies, the AIAF and in the CNMV register.

#### **4.1.2. Extraordinary notifications**

1. For the purposes of the formation of the Fund and the issue of the Bonds, once the Deed of Formation has been granted, the Fund Manager, on behalf of the Fund, shall proceed to make the requisite notification of the formation of the Fund and of the issue of the Bonds, as well as the Nominal Interest Rate on the series of Bonds applicable to the first Accrual Period of Interest and the definitive margins applicable to each class of bonds, which shall be taken as the period between the Disbursement Date and the first Payment Date. The foregoing notification shall be made in accordance with the procedure set forth in this Prospectus. Any calendar day is appropriate for said publication, whether or not a business day.
2. The Fund Manager, on behalf of the Fund, will inform the Bondholders of all relevant events that may take place in relation to the Bonds, the Fund and the Fund Manager itself, which could influence the trading of the Bonds in an appreciable manner and, in general, of any relevant modification in the assets or liabilities of the Fund. Likewise, the Fund Manager, on behalf of the Fund, will inform the Bondholders of the possible decision of early redemption of the Bonds for any of the reasons set forth in this Prospectus. In this event, the Fund Manager will forward the Notarised Deed of Settlement to the CNMV along with an indication of the settlement procedure followed.

All of the foregoing circumstances will be reported to the CNMV and Rating Agencies in advance.

#### **4.1.3. Procedure for notifying Bondholders.**

All notifications that the Fund Manager must make to the Bondholders about the Fund as a result of the aforementioned shall be made as follows:

1. Ordinary notifications.

The ordinary notifications shall be carried out through publication either in the daily newsletter of the AIAF Fixed Income Market, or any other that replaces this,



or of similar characteristics, or through publication in a popular newspaper in Spain, whether of an economic/financial nature or of a general nature. In addition, the Fund Manager or Payment Agent may disseminate such information

or other information of interest to Bondholders through the channels and systems commonly used by financial markets such as Reuters, Bridge Telerate, Bloomberg or similar.

## 2. Extraordinary notifications.

Extraordinary notifications must be made through publication in the AIAF bulletin or any other medium accepted by the market. These notifications shall be considered given on the date of publication and are valid for any day of the calendar, whether or not a business day (in accordance with the provisions set forth in this prospectus).

Exceptionally, the definitive margins used to determine the nominal interest rate applicable to each series and the nominal interest rate for the bonds in each series for the first interest period will be notified in writing by the Fund Manager prior to the start of the Subscription Period to the Underwriting and Placement Entities, who shall in turn notify the investors interested in subscribing the bonds. The Fund manager shall likewise notify the CNMV, the payment agency, AIAF and Iberclear.

## 3. Notifications and other information.

The Fund manager may make notifications and other information of interest to bondholders available to them on its own website or other tele-transmission methods of similar characteristics.

### **4.1.4 Information to the National Securities Market Commission.**

The Fund Manager shall inform the CNMV of the notifications and information made available in accordance with the provisions set forth in the previous sections. This applies to both ordinary information and extraordinary information as well as any other information required by the CNMV or by the laws in force at any given time.

#### **4.1.5 Information to Rating Agencies.**

The Fund Manager shall provide Rating Agencies periodically with information on the Fund's status and the performance of the Loans to enable them to track the Bond ratings and make the pertinent extraordinary notifications. It shall likewise provide said information whenever reasonably requested to do so and in any case, whenever there is a significant change in the conditions of the Fund or the contracts signed by the Fund through the Fund Manager or a change in the interested parties.

**Xavier Jaumandreu Patxot, in the name and on behalf of GESTICAIXA, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, as its Managing Director, signs this Prospectus on 18 October 2005.**

## GLOSSARY OF DEFINITIONS

*“Administrator”* means the entity responsible for managing and administering the Loans and for holding the titles representing the Mortgage Transfer Certificates on deposit pursuant to the Administration Contract, i.e., Banco de Sabadell, S.A.

*“Rating Agencies”* mean Moody’s Investors Service España, S.A and Fitch Ratings España, S.A.

*“Payment Agent”* means the entity that provides the financial services for the Bonds. The Payment Agent will be Banco de Sabadell, S.A.

*“Early Redemption”* means the redemption of the Bonds on a date before the Final Due Date in the Cases of early settlement of the Fund in conformity with the requirements established in part 4.4.3 of the Registration Document.

*“Auditor of the Fund’s Assets”* means the auditor of the Loan portfolio, in this case, Ernst & Young, S.L.

*“Fund Auditor”* means Deloitte, S.L.

*“Guarantee” or “State Guarantee”* means the guarantee granted by the State pursuant to the provisions of the Resolution. The guarantee will guarantee payment of the principal and interest on the Series A(G) Bonds.

*“Class A Bonds” or “Class A”* means the Series A(S) and A(G) Bonds issued against the Fund for a total face value of seven hundred twenty million (720,000,000) euros. They are provisionally rated Aaa by Moody’s and AAA by Fitch.

*“Class B Bonds” or “Class B”* means the Series B Bonds issued against the Fund for a total face value of fifteen million (24,000,000) euros composed of 240 bonds with a face value of one hundred thousand (100,000) euros each. They are provisionally rated A2 by Moody’s and A by Fitch.

*"Class C Bonds" or "Class C"* means the bonds issued against the Fund for a total face value of fourteen million three hundred thousand (14,300,000) euros composed of 143 bonds with a face value of one hundred thousand (100,000) euros each. They are provisionally rated Baa2 by Moody's and BBB by Fitch.

*"A(G) Series Bonds" or "A(G) Series"* means the bonds guaranteed by the State issued against the Fund for a total face value of one hundred sixty-two million three hundred thousand (162,300,000) euros composed of 1623 bonds with a face value of one hundred thousand (100,000) euros each. They are provisionally rated Aaa by Moody's and AAA by Fitch, which ratings are given without taking the guarantee into account.

*"A(S) Series Bonds" or "A(S) Series"* means the bonds issued against the Fund for a total face value of fifteen million (15,000,000) euros composed of 5,494 bonds with a face value of one hundred thousand (100,000) euros each. They are provisionally rated Aaa by Moody's and AAA by Fitch.

*"Bonds"* means the Class A bonds composed of the A(S) and A(G) series, Class B bonds, Class C bonds, Class D bonds and Class E bonds issued by the Fund.

*"Amount Available for Amortisation"* means the amount allocated to the amortisation of the principal of the Class A, B, C and D bonds.

*"Defaulted Amounts"* means the amounts due and unpaid plus the outstanding balance of those loans in which (i) the assigned debtor has been declared insolvent; (ii) the Fund Manager considers, based on the information provided by the lender, that it is not reasonable to expect repayment or, in any event, when (iii) non-payment continues for an uninterrupted period of twelve (12) months.

*"Assignor"* means Banco de Sabadell, S.A., the assignor of the Loans.

*"Mortgage Transfer Certificates"* means the negotiable securities whereby the Mortgage Loans are assigned to the Fund, pursuant to the provisions in the Fifth Additional Provision of Act 3/1994 in the drafted version contained in Act 44/2002, Act 2/1981 and Royal Decree 685/1982.

*"CET"* means Central European Time.

*"CNAE"* means National Classification of Economic Activities.

"CNMV" means the National Securities Market Commission.

*"Underwriting Commissions"* means the fees paid to insurance companies for the performance of their functions by virtue of the Management, Underwriting and Brokerage Contract for the bond issue.

*"Administration Contract"* means the contract to be entered on Date of Formation of the Fund between the Fund Manager, on behalf and representation of the Fund and Banco de Sabadell, S.A., which regulates the custody and administration of the Loans and the deposit of the titles representing the Mortgage Transfer Certificates.

*"Payment Agency Contract"* means the contract, to be entered on Date of Formation of the Fund between the Fund Manager, on behalf and representation of the Fund and Banco de Sabadell, S.A., which regulates the financial service of the bonds and which is entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A., as the Payment Agent.

*"Guaranteed Interest Rate Deposit Contract (Treasury Account)" or "Treasury Account Contract"* means the guaranteed interest rate deposit contract (treasury account) entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A.

*"Guaranteed Interest Rate Deposit Contract (Amortisation Account)" or "Amortisation Account Contract"* means the guaranteed interest rate deposit contract (amortisation account) entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A.

*"Management, Underwriting and Brokerage Contract"* means the management, underwriting and brokerage contract for the bond issue entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A., [?] and [?], as the Management Entities, and [?], [?] as the Underwriters.

*"Financial Swap Contract" or "Financial Interest Swap Contract"* means the contract entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A. whereby the Fund will make payments to Banco de Sabadell, S.A. calculated on the loan interest rates, in exchange for which Banco de Sabadell, S.A. will make payments to the Fund calculated on the

interest rate of reference determined for the Bonds, all according to the rules set forth in section 3.4.7 of the Supplemental addendum.

*“Loan for Initial Expenses”* means the subordinate mercantile loan entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A., for a total amount of six hundred and fifty thousand (650,000) euros, to be used by the Fund Manager to pay for the initial expenses associated with the formation of the Fund and the issue of Bonds.

*“First Interest Period Loan Agreement”* means the subordinate mercantile loan agreement entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A., for a total amount of nine hundred thousand (900,000) euros to be used by the Fund Manager to pay for the lags in the First Payment Date between the loan accruals and collections.

*“First Interest Period Loan Agreement”* means the subordinate mercantile loan agreement entered into between the Fund Manager, on behalf of and representing the Fund, and Banco de Sabadell, S.A., for a total amount of seven million eight hundred seventy-five thousand (7,875,000) euros to be used by the Fund Manager to pay for the interest for the first period.

*“Framework Agreement”* means the Framework Collaboration Agreement with the Ministry of the Economy pursuant to Appendix II of the Order of 28 December 2001 provided for in Appendix 2 of the Resolution.

*“Amortisation Account”* means the financial account opened in the Fund's name at Banco de Sabadell, S.A. pursuant to the Guaranteed Interest Rate Deposit Contract (Amortisation Account) into which the Fund Manager, on behalf of the Fund, will deposit, on each Payment Date during the first 20 months following the Formation Date, the amounts allocated to the amortisation of the Bonds during that period.

*“Treasury Account”* means the financial account opened in the Fund's name at the Banco de Sabadell, S.A. pursuant to the Guaranteed Interest Rate Deposit Contract (Treasury Account) where all Fund deposits and payments will be made.

*“Amortisation Deficit”* means the positive difference, if any, between the Theoretical Amortisation Amount and the Amount Available for Amortisation.

**“Credit Rights”** means the credit rights pooled in the Fund’s assets derived from the Mortgage Loans and the Non-Mortgage Loans granted by Banco de Sabadell, S.A. to the Debtors.

**“Debtors”**, means the borrowers of the Loans, which are small and medium enterprises domiciled in Spain. At least 90% are small and medium enterprises that comply with the Recommendation of the European Commission, 2003/361/CE of 6 May 2003.

**“Business Day”** means any day other than (i) Saturday, (ii) Sunday, (iii) a holiday in Madrid, (iv) a holiday in Barcelona, or (v) a non-business day on the TARGET (*Trans European Automated Real-Time Gross Settlement Express Transfer System*) calendar.

**“Distribution of Funds Available for Amortisation”** means the applicable rules of the Funds Available for Amortisation for each one of the Classes, A, B, C and D, on each Payment Date, as established in section 4.9.4 of the Prospectus Schedule.

**“Registration Document”** means the registration document of asset-guaranteed securities, the minimum disclosure requirements of which are contained in Appendix VII of Regulation 809/2004.

**“Bond Issue”** means the securitisation bonds issued against the Fund for an amount equal to or less than the face value of seven hundred fifty-eight million, six hundred thousand (750,000,000) euros, composed of 7,500 bonds with a face value of one hundred thousand (100,000) euros each, pooled into the following classes: Class A, composed of Series A(S) and A(G), Class B, Class C, Class D and Class E.

**“Issuer”** means Banco de Sabadell, S.A.

**“Banco Sabadell”**, means Banco de Sabadell, S.A.

**“Deed of Formation”** means the public Fund Formation Deed, the assignment to the Fund by Banco de Sabadell, S.A. of (i) Mortgage Loans by issuing Mortgage Transfer Certificates and (ii) Non-Mortgage Loans, and the issue of the bonds by the Fund.

**“Euribor”** means the *Euro Interbank Offered Rate*, which is the interbank term deposit rate in euros calculated as the daily average of the quotes provided for

fifteen maturity dates by a panel composed of 57 Banks that are among the most active in the Euro zone. The rate is quoted based on the calculation of the calendar days to maturity and on a 360-day year, and it is fixed at 11:00 AM (CET) and carried to three (3) decimal positions.

A description of the main risk factors linked to the issuer, to the securities and to the assets that endorse the issue (hereinafter, the "*Risk Factors*");

*"Collection Date"* means any business day on which payments are made on the loans by the borrowers.

*"Formation Date"* means date on which the Formation Deed is signed.

*"Disbursement Date"* means October 26, the date on which the cash amount for subscription of the Bonds must be paid and on which the face value of the subscribed Non-Mortgage loans and Mortgage transfer certificates must be paid.

*"Determination Date"* means five business days before the Payment Date.

*"Interest Rate Fixing Date"* means the second-to-last business day before each Payment Date. For the first Interest Accrual Period, the Interest rate of reference shall be determined on the second Business Day prior to the Disbursement Date.

*"Settlement Date" or "Early Settlement Date"* means the date on which the Fund Manager settles the Fund as a consequence of any of the early settlement circumstances enumerated in section 4.4.3 of the Registration Document.

*"Payment Date"* means 21 March, June, September and December of each year or the next business day if any of these dates does not fall on a business day. The first Payment Date shall be 21 December 2005.

*"Final Maturity Date"* means the last maturity date, either ordinary or early, of the Fund's assets, that is 30 April 2035.

*"Legal Maturity Date"* means 36 months after the maturity of the Fund's asset with the longest maturity period.

*"Fitch"* means Fitch Ratings España, S.A.



***“Prospectus” or “Informative Prospectus”*** means the document composed of the Registration Document, the Supplemental addendum, the Prospectus Schedule and the Glossary of Terms regulated in Regulation 809/2004.

***“Reserve Fund”*** means the Fund set up as a guarantee mechanism to protect against losses due to the defaulted loans and to allow the payments to be made by the Fund pursuant to the Payment Priority Order described in section 3.4.6 of the Supplemental addendum.

***“Reserve Fund”***, means the reserve Fund formed on the Disbursement Date with all costs being charged to the Loan principal for an amount equal to 1.05% of the Total Amount of the Note Issue on said Disbursement Date.

***“Required Reserve Fund”*** means the Minimum Reserve Fund Level, i.e., the required minimum level of the Reserve Fund on each Payment Date.

***“Fund”*** means GC FTPYME PASTOR 4, FONDO DE TITULIZACIÓN DE ACTIVOS [ASSET SECURITISATION FUND].

On each payment date, the amounts allocated to meet the Fund’s payment obligations or withholdings that will have been deposited in the Treasury Account.

***“Funds Available for Amortisation”*** means:

- c) The balance of the Amortisation Account on the Payment Date of 21 June 2007 only.
- d) The Amount Available for Amortising withheld in the eighth order (8) of the Payment Priority Order on the corresponding Payment Date.

***“Funds Available for Settlement ”*** means:

- a) The available funds.
- b) The amounts that the Fund may obtain from the disposal of the assets corresponding to the loans remaining in the Payment Priority Order as provided for in section 3.4.6 of the Supplemental addendum.

*“Iberclear”* means the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), with its registered address at Calle Pedro Texeira, nº 8, Madrid.

*“Theoretical Amortisation Amount”* means the positive difference on that Payment Date between (A) the sum of (i) the Net Outstanding Balance of Principal of all the Bonds prior to the amortisation made on that Payment Date and (ii) the amounts drawn down and not repaid, charged to the Guarantee for payment of the principal of the A(G) Bonds on the preceding Payment Dates, and (B) the sum of the Outstanding Balance of the non-Defaulted Loans corresponding to the last day of the month prior to the Payment Date.

*“Total Amount of the Bond Issue”* will be equal to or less than seven hundred fifty-eight million, six hundred thousand (750,000,000) euros.

*“Act 2/1981”* means Act 2/1981 of 25 March on the Regulation of the Mortgage Market.

*“Act 19/1992”* means Act 19/1992 of 7 July on the Regulation of Real Estate Investment Funds and Companies and Mortgage Securitisation Funds.

*“Act 2/1994”* means Act 2/1994 of 30 March on Subrogation and Modification of Mortgage Loans.

*“Act 3/1994”* means Act 3/1994 of 14 April, thereby adapting Spanish legislation on the subject of credit entities to comply with the Second Directive on Banking Coordination and whereby other relevant changes are introduced into the financial system.

*“Act 44/2002”* means Act 44/2002 of 22 November on Reform Measures of the Financial System.

*“Early Settlement ”* means the settlement of the Fund and with it the early redemption of the Bond issue on a date prior to the Final Maturity Date under the circumstances and pursuant to the procedures established in section 4.4.3 of the Registration Document.

*“AIAF Market”* means the AIAF Fixed Income Market where the securities will be admitted for trading.

*"Supplemental Addendum"* means the supplemental addendum of asset-guaranteed securities, the minimum disclosure requirements of which are included in Appendix VIII of Regulation 809/2004.

*"Moody's"* means Moody's Investors Services España, S.A.

*"IFRS"* means the International Financial Reporting Standards.

*"Minimum Level of the Reserve Fund"* means the lesser of the following amounts:

- 1.05% of the Total Amount of the Bond Issue.
- 2.10% of the Outstanding Balance of Principal of the Bonds.

Under no circumstances can the Minimum Level of the Reserve Fund be less than [ ]% of the total amount of the Bond issue.

*"Prospectus Schedule"* means the schedule of debenture securities with a unit denomination equal to or greater than 50,000 euros, the minimum disclosure requirements of which are Included in Appendix VIII of Regulation 809/2004.

*"Order of 28 December 2001"* means the Order dated 28 December 2001, governing Promotion Agreements of Asset Securitisation Funds to favour business financing, amended by Order ECO/1064/2003, of 29 April.

*"Payment Order Priority"*, means the order in which the Available Funds will be applied with respect to the payment or withholding obligations of the Fund.

*"Settlement Payment Priority Order"* means the order in which the funds available for settlement will be applied on the payment or withholding obligations of the Fund on the Fund Settlement Date.

*"Determination Period"* means the period between two Determination Dates, including the first and excluding the second.

*"Interest Accrual Period"* means the actual number of days between two consecutive Payment Dates, including the initial Payment date and excluding the Final Payment Date. The first Interest Accrual Period will commence on the Disbursement Date, inclusive, and will end on the first Payment Date, exclusive.

*“Subscription Period”* means the subscription period of the bonds, which is between [?] o’clock (CET) and [?] o’clock (CET) on [?].

*“Interest Rate Swap”* means the interest swap intended to cover the interest rate risk to which the Fund is exposed due to the fact that the Loans are subject to adjustable interest rates pegged to different indices of reference and different revision periods than those established for the Bonds. In addition, the financial swap is intended to cover the implicit risk that the Loans could be renegotiated and that the agreed interest rates could be reduced. It is regulated in the Interest Swap Contract.

*“Loan for Initial Expenses”* means the loan granted by Banco de Sabadell, S.A., on the Date of Formation, to the Fund under the Loan Agreement for Initial Expenses.

*“Mortgage Loans”* means the loans with mortgage guarantees selected and assigned by Banco de Sabadell, S.A. to the Fund by means of the issue of Mortgage Transfer Certificates by Banco de Sabadell, S.A. and subscription by the Fund.

*“Non-Mortgage Loans”* means the loans without mortgage guarantees selected and assigned by Banco de Sabadell, S.A. to the Fund. They are sold by Banco de Sabadell, S.A. and acquired by the Fund.

*“Defaulted Loans”* means the Loans that (a) are unpaid on a date for an amount equal to or greater than twelve (12) months of delay in the payment of the overdue amounts or (b) may be classified as in default by the Fund Manager because there is reasonable doubt about their full repayment.

*“Non-Defaulted Loans”* means those Loans not included in the definition given above.

*“Loans”* means both mortgage and non-mortgage loans.

*“SMEs”* means small and medium enterprises.

*“Royal Decree 685/1982”* means Royal Decree 685/1982, of 17 March, which developed certain aspects of Act 2/1981, of 25 March, regulating the mortgage market, and certain aspects of Royal Decree 1289/1991, of 2 August, which modified certain articles of the former decree.

*"Royal Decree 926/1998"* means Royal Decree 926/1998, of 14 May, which regulated asset securitisation funds and the managers of securitisation funds.

*"Regulation 809/2004"* means Commission Regulation (EC) number 809/2004, of 29 April 2004, pertaining to Directive 2003/71/EC of the European Parliament and of the Council as regards the information contained in prospectuses, as well as the format, incorporation by reference and publication of said prospectuses and advertising.

*"Net Outstanding Principal"* means the outstanding principal, on a certain payment date, of each class of bonds before the amortisation corresponding to that Payment Date, less the amount accrued on the previous Payment Dates and deposited in the Amortisation Account for amortisation of the Bonds of the Class or Series in question.

*"Outstanding Balance"* means the total of the capital or principal not yet due and payable on a specific loan on a particular date and the capital or principal due but not yet paid to the Fund, not including defaulted amounts

*"Outstanding Balance of the Loans"* means the outstanding capital of each one of the Mortgage Loans not paid into the Fund, not including default amounts.

*"Services"* means the ordinary system and procedures for the administration and management of the loans regulated by the Administration Contract.

*"Fund Manager"* means GestiCaixa, SGFT, S.A.

*"Early Settlement Circumstances"* are those enumerated in section 4.4.3 of the Registration Document.

*"Swap"* means Interest Rate Swap.

*"Part B Interest Rate"* means for Banco de Sabadell, S.A. for each settlement period the average weighted nominal interest rate of the bonds, excluding Class E bonds, plus a margin.

*"Interest Rate of Reference"* means the three-month (3) EURIBOR, except for the first interest accrual period. Exceptionally, the Nominal Interest Rate of the Bonds

of each one of the Series for the first Interest Accrual Period shall be determined by taking the EURIBOR rate at a [?] ([?]) months maturity, established at 11:00 AM (CET time) of the second (2) business day (hereinafter, "*Business Day*") immediately following the Disbursement Date.

*"Nominal Interest Rate"* means the interest rate of reference plus to the margin applicable to each bond series.

*"IRR"* means the internal rate of return as defined in section 4.10 of the Prospectus Schedule.

*"Multiple Title"* means the security title representing the Mortgage Transfer Certificates issued by Banco de Sabadell, S.A. on the mortgage loans.