Credit Products/Spain
Presale Report

GC FTGENCAT Caixa Sabadell 1, Fondo de Titulizacion de Activos

Expected Ratings*

Class	Amount (EURm)	Legal Final Maturity	Rating	CE (%)[2]
A(S)	113.5	Oct 2040	AAA	9.34
A(G)[1]	163.0	Oct 2040	AAA	9.34
B	11.7	Oct 2040	A+	5.43
C	11.8	Oct 2040	BBB-	1.50
D[3]	4.5	Oct 2040	CCC	n.a.

[1] The *Generalitat de Catalunya* (rated 'AA-/'F1+') will guarantee the ultimate payment of interest and principal on the class A (G) notes.
[2] These Credit Enhancement ("CE") levels are complemented with a guaranteed excess spread of 75bp payable under the swap to the issuer.
[3] Uncollateralised notes issued to finance the creation of the reserve fund at closing.

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* Expected ratings do not reflect final ratings and are based on information provided by the fund as of 6 October 2006. Final ratings are contingent on final documents conforming to information already received as well as on satisfactory legal opinion. Ratings are not a recommendation to buy, sell or hold any security. All offering material should be reviewed prior to any purchase.

Related Research

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

- "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006
- "*Pan-European SME CDO Performance Tracker*", dated 28 September 2006
- "*A Guide to Cash Flow Analysis for RMBS in Europe*", dated 20 December 2002
- "*Fitch Issuer Report Grades May 2006*

Summary

This transaction involves the securitisation of an initial pool of secured and unsecured loans(the "collateral") to small- and medium-sized enterprises ("SMEs") in Spain granted by Caixa d'Estalvis de Sabadell ("Caixa Sabadell" or the "seller", rated 'A-/F2') for a total amount of EUR300 million. Fitch Ratings has assigned expected ratings to the notes to be issued by GC FTGENCAT Caixa Sabadell 1, FTA (the "issuer") as indicated at left. The Autonomous Community of Catalonia ("*Generalitat de Catalunya*", rated 'AA-/F1+', the "guarantor") will guarantee ultimate payment of interest and principal on the class A (G) notes.

Caixa Sabadell has participated in a number of securitisation programmes, especially collateralised debt obligations of cédulas hipotecarias ("CDO of CHs"). This transaction, however, represents Caixa Sabadell´s first single seller SME securitisation.

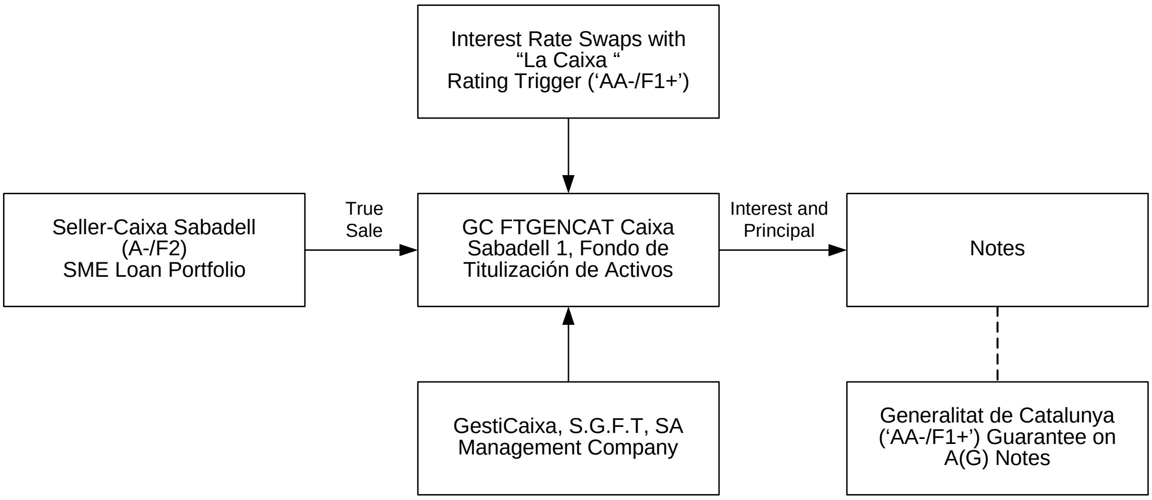
The issuer will be legally represented and managed by Gesticaixa SGFT, SA ("the *sociedad gestora*"), a limited liability, special-purpose management company incorporated under Spanish law. The expected ratings are based on the quality of the collateral, available credit enhancement ("CE"), the financial structure of the deal, the underwriting and servicing of the collateral and the *sociedad gestora*'s administrative capabilities. The expected ratings address payment of interest on the notes according to the terms and conditions of the documentation, subject to an interest deferral trigger on the class B and C notes as well as the repayment of principal by legal final maturity.

The class D notes will be issued to finance the creation of the reserve fund (see *Reserve Fund*) at closing. The good performance of the class D notes requires very favourable conditions for the collateral backing the class A to C notes, and therefore its expected rating is supported by the recovery rate that noteholders are likely to receive during the life of the transaction. This has been calculated on the basis of principal and accrued interest amounts as a proportion of the original class D notes balance (see *Class D Notes*).

Credit Committee Highlights

- Fitch has estimated a base case default rate of 3.3% drawn from 180-day delinquency vintage data provided by Caixa Sabadell from Q202 to Q206. The agency stressed this rate to account for the relatively benign recent economic environment in Spain, applying multiples for the various rating scenarios. In deriving such base case assumption, the agency considered the risk linked to the geographical concentration in the region of Cataluña, and also the composition of the collateral, the obligor and industry concentration.

Structure Diagram



Source: Transaction documents

- Collections from the collateral will be transferred by Caixa Sabadell daily into the collections account (“Cuenta de Cobros”) held in the name of the issuer with the seller. Because Caixa Sabadell will hold these collections for up to seven days before transferring them into the Fund’s treasury account, held at Caixa d’Estalvis i Pensions de Barcelona (“La Caixa”, rated ‘AA-/F1+’) as the financial agent, the transaction will be exposed to commingling risk according to the agency’s commingling risk criteria. In the event of the insolvency of Caixa Sabadell, these monies may become commingled with the insolvency estate of the defaulted party. Consequently, the agency has sized for this risk and accounted when sizing the reserve fund. More information about addressing this risk is available in a report titled “*Commingling Risk in Structured Finance Transactions*”, dated 9 June 2004 and available at www.fitchratings.com. (See *Commingling Risk*).

- Static pool transactions are standard in the Spanish SME CDO market; however, this transaction has a 30 months revolving period after which the notes will amortise sequentially. Breach of certain default and delinquency triggers during the revolving period will lead to early amortisation of the notes. Based on the dynamic and static delinquency data presented by Caixa Sabadell, Fitch verified that the performance triggers applicable during the revolving phase should be able to maintain the credit profile and financial quality of the collateral until the beginning of the amortisation phase (see *Early Amortisation Events*).

- Some 81.4% of the collateral in volume terms is secured by first-ranking mortgages, of which 95.3% is linked to commercial real estate assets.

- Fitch has stressed the cash flows available to the class A (G) investors in line with a ‘AAA’ rating scenario without considering the benefit of the guarantee offered by the *Generalitat of Catalunya*. Therefore, the assigned expected rating is not dependent on the guarantee (see *Guarantee*).

- Under the swap agreement, the transaction is guaranteed an excess spread of 75bp on a notional defined as the outstanding balance of the notes (excluding the Class D notes). Therefore, this swap agreement provides credit support to the structure (see *Swap Agreement*) and the expected ratings are dependant upon the solvency of the swap counterparty.

Structure

The fund will be a limited-liability special-purpose vehicle (“SPV”) incorporated under the laws of Spain, whose sole purpose is to acquire credit rights from Caixa Sabadell as collateral for the issuance of fixed-income, amortising and quarterly paying securities based on three-month Euribor plus a margin, which will amortise on a quarterly basis after the end of the revolving period.

The legal final maturity date for the notes will be three years after the maturity of the longest dated SME loan, this delay having been deemed adequate to ensure that collections from the loans are sufficient to redeem the obligations of the issuer in respect of any defaulted collateral.

Key Information

Portfolio Characteristics
As of 29 September 2006

Number and Type of Loans: 1,344 loans to SMEs in Spain, of which 81.4% by volume is secured on first-ranking mortgages

Total Amount: EUR300.0m

Structure
Issuer: GC FTGENCAT Caixa Sabadell 1, FTA

Total Notes Amount: EUR304.5m

Management Company: GestiCaixa SGFT, SA

Originator: Caixa d'Estalvis de Sabadell ("Caixa Sabadell ("Caixa Sabadell", rated 'A-'/'F2')

Financial Agent: Caixa d'Estalvis i Pensions de Barcelona ('La Caixa ', rated (AA-/F1+)

Swap Counterparty: La Caixa

Treasury Account (GIC Account): La Caixa

Scheduled Final Maturity: October 2037

Final Legal Maturity: October 2040

The cash bond administration function for this transaction will be carried out by the *sociedad gestora*, a company supervised by the Comisión Nacional del Mercado de Valores whose activities are limited to the management of securitisation funds. GestiCaixa, SGFT SA, incorporated under Spanish law, has been actively involved in the structuring of the deal. After closing, the *sociedad gestora* will be responsible for cash reconciliation, waterfall calculations and their reporting, including the monitoring of applicable triggers. It will also be responsible for taking any action in the interest of the noteholders, such as the replacement of the servicers, account bank or swap counterparty.

In the structure, Caixa Sabadell will act as the servicer of the collateral while the financial agent and swap counterparty duties will be carried out by La Caixa (rated 'AA-/F1+'). However, for the protection of investors, if Caixa Sabadell is unable to continue to administer the collateral, the *sociedad gestora* must appoint a replacement administration company, in accordance with the Spanish securitisation law and Fitch's commingling risk criteria (see "*Commingling Risk in Structured Finance Transactions*", dated 9 June 2004 and available at www.fitchratings.com).

Interest and principal collections are dealt with jointly through the combined priority of payments described below. The fund will have three GIC accounts. The first held at Caixa Sabadell ("Cuenta de Cobros"), will receive all the daily collections from the collateral and, on a weekly basis, all the monies available in this account will be transferred into the funds principal and/or treasury account at the financial agent.

The amounts credited to the abovementioned accounts will receive a guaranteed interest rate of three-month Euribor minus 10bp. Therefore, during the revolving period negative carry risk will arise as the cost of funding on the notes will be higher than the yield of such monies. However, this risk will be partly mitigated under the swap agreement as the notional is defined as the outstanding balance of the notes (excluding Class D).

With regards to the principal and treasury accounts, if La Caixa's short-term rating is lowered below 'F1', the *sociedad gestora* will be required to take one of the following steps within 30 days:

1. find a third party rated at least 'F1' to guarantee La Caixa's obligations;
2. transfer the treasury account to another entity rated at least 'F1';
3. if unable to effect either of the above, provide a guarantee in the form of financial assets rated at least on a par with the Kingdom of Spain ('AAA/F1+'); or
4. if unable to effect the above options, invest the balance of the treasury account temporarily until the next payment date in fixed-income assets issued by entities rated at least 'F1' or 'F1+' when the remaining time to maturity is 30 days or more.

With regards to the Cuenta de Cobros, if Caixa Sabadell's short-term rating is lowered below 'F2', all collections will be transferred daily into the treasury account held at the financial agent.

Revolving Period
During the 30-month revolving period, Caixa Sabadell will retain the right to sell additional collateral to the SPV on a semi-annual basis. The issuer will only purchase additional SME loans that meet the eligibility criteria outlined in the *Collateral* section below.

In the event that no new SME loans are available for purchase on any purchase date, unused funds will be credited to the principal account held at the financial agent in the name of the issuer.

The revolving period will end on the earlier of the payment date falling in April 2009 inclusive, and the date on which an early amortisation event has occurred.

Early Amortisation Events

Key early amortisation events include:

- the reserve fund will not be at its required level on the current payment date;
- no acquisition of new loans during two consecutive purchase dates;
- an insolvency of the originator, or if Caixa Sabadell is replaced as servicer of the collateral;
- a downgrade of the long-term rating of Caixa Sabadell below 'BBB', and
- cumulative delinquencies (amounts more than 90 days past due) are greater than 2.0% and 3.0% during the years 2007 and 2008, respectively, of the outstanding collateral balance plus any new loans purchased during the past 12 months.

Given the incorporation of these triggers and available excess spread under the swap agreement, the agency expects the quality of the collateral and the overall financial strength of the issuer to be maintained through the revolving period until amortisation of the collateral.

Amortisation of the Notes

The first principal payment date on the notes will be in April 2009 or the period after an early amortisation event occurs and quarterly thereafter. All classes will amortise sequentially on a pass-through basis after the class A notes have been redeemed in full. However, the A(S) and A (G) notes will amortise *pro rata* if this condition is met:

- the ratio of (i) the performing and up to 90 days in arrears collateral balance plus the amount of principal collections credited to the treasury account during the previous collection period, divided by (ii) the current balance of the class A(S) and A (G) notes plus any drawings made under the guarantee, is equal to or below 1.0.

Moreover, the class B and C notes may amortise pro rata with the class A (S) and A (G) notes once the class B and C notes represent 7.80% and 7.86%, respectively, of the outstanding balance of the class A to C notes. This will be subject to:

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

The class D notes will only be paid down using monies released from the reserve fund, if any (see *Reserve Fund* below). Because the reserve fund is subject to an absolute floor of 0.75% of the original note balance, these funds will only be released to the class D noteholders at legal final maturity, unless the 10% clean-up call is exercised (see *Call Option* below).

Call Option

All notes are subject to a clean-up call option in favour of the *sociedad gestora* when less than 10% of the initial collateral balance remains outstanding. The clean-up call will only be executed if the then-outstanding balance of the class A to D notes is redeemed in full.

Priority of Payments

On each quarterly payment date, commencing in January 2007 the combined ordinary priority of payments will be as follows:

1. expenses, taxes and servicing fees;
2. payment under the swap agreement (if applicable);
3. reimbursement of any amounts drawn under the guarantee of the *Generalitat de Catalunya*;
4. class A(S) and A(G) interest pro rata;
5. class B interest (if not deferred);
6. class C interest (if not deferred);
7. principal (although principal received will be used to purchase new assets during the revolving period);
8. class B interest if deferred, which will occur if the principal deficiency ledger ("PDL") exceeds 50% of the outstanding balance of these notes, plus 100% of the class C outstanding balance;
9. class C interest if deferred, which will occur if the PDL exceeds 50% of the outstanding balance of these notes;
10. replenishment of reserve fund;
11. class D interest;
12. class D principal; and
13. subordinated amounts, including reimbursement and remuneration of the subordinated loan to cover initial expenses.

A PDL is defined on every payment date as the difference between the balance outstanding on the A to C notes and the outstanding balance of non-defaulted collateral (i.e. loans less than 12 months in arrears).

The structure will meet ordinary and extraordinary expenses out of available excess spread. Initial expenses will be covered via a subordinated loan granted to the issuer by the seller before closing.

Reserve Fund

A reserve fund equivalent to 1.50% of the original balance of the class A to C notes will be funded at closing using the proceeds of the class D note issuance, and will be credited to the treasury account. Subject to the following conditions, the reserve fund will be permitted to amortise to the greater of 0.75% of the original collateral balance and 3.00% of the outstanding collateral balance:

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

Commingling Risk

Because Caixa Sabadell will hold all the collateral proceeds in the collection account for up to seven days before transferring them into the Fund's treasury account, held at the financial agent, the transaction will be exposed to commingling risk according to the agency's commingling risk criteria.

The agency has accounted for this risk when verifying the size of the reserve fund. It has calculated the monies exposed to this risk by estimating the maximum collections (principal + interest) to be received by Caixa Sabadell within seven days until final legal maturity, and considering the collateral amortisation profile and a base case prepayment rate of 15%.

Guarantee

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

Any amounts paid through the guarantee will be considered an obligation of the issuer. Amounts drawn under the guarantee will be repaid to the *Generalitat de Catalunya* through the priority of payments (see above). No interest will be due on the guarantee.

Although the A (G) notes benefit from the unconditional guarantee of the *Generalitat de Catalunya*, the 'AAA' expected rating assigned to these notes is not dependent on the guarantee as the rating is supported by sufficient CE at closing.

Swap Agreement

Under the swap agreement, the issuer will pay to La Caixa, as the swap counterparty, the sum of interest collected and accrued on the non-defaulted collateral, plus any interest yield amounts on the principal account during the revolving period. It will, in return, receive the weighted-average ("WA") coupon on the A to C notes plus a guaranteed spread of 75bp multiplied by a notional that is equivalent to the outstanding balance of the A to C notes.

The swap agreement has the following main effects:

1. It hedges the interest rate mismatch caused by the collateral that pays a fixed interest rate (i.e. 3.27% in volume terms) while the notes pay a floating rate indexed to three-month Euribor.
2. It hedges the basis rate mismatch arising from the different reference indices of the collateral versus the three-month Euribor for the notes.
3. It hedges the reset risk arising from the mismatch between the interest rate reset dates on the loans and those on the notes, which pay quarterly.
4. It pays a guaranteed spread of 75bp on the notional amount over the life of the transaction, thereby neutralising any compression in the WA margin on the loans and offsetting the increase in note funding costs over time.
5. It partly mitigates the negative carry risk during the revolving period, as the yield of the principal account will be lower than the cost of funding on the notes.

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

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

With regards to the last option, the collateral posted should be sufficient to ensure that the potential loss would be virtually zero if the swap counterparty defaulted. For details on the method used to calculate the collateral amount see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*", dated 13 September 2004 and available at www.fitchratings.com.

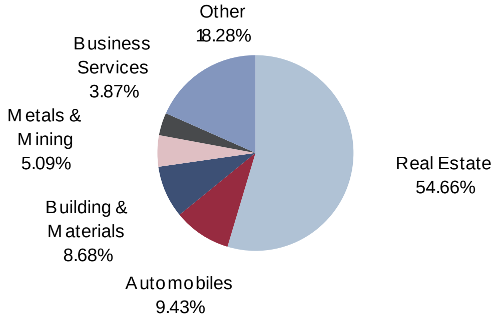
■ Collateral

At closing, the final portfolio will have an outstanding balance of EUR300m and will consist of loans selected from a provisional portfolio of 1,344 loans. As of 29 September 2006, the provisional portfolio's main characteristics, in volume terms, were as follows:

1. The top obligor represented 1.05% and the top 10 totalled 10.0%.
2. Some 81.4% was secured on first-ranking mortgages of which 95.3% corresponded to commercial properties.
3. All of the obligors are located in the region of Catalunya.
4. The WA seasoning was 24 months.
5. Some 96.7% of the loans are linked to a variable interest rate.
6. The WA coupon was 3.85%.
7. The WA spread was 0.86%.
8. The original and current LTV ratios were 66.7% and 62.2%, respectively.

Purpose of the Loans: Obligor Economic Activity

% of Outstanding Balance



Source: Caixa Sabadell

Eligibility Criteria

The eligibility criteria for loans for the final portfolio at closing and loans purchased during the revolving period will include the following tests:

- All the loans must have been originated by Caixa Sabadell in the course of its normal business, following its standard underwriting and credit scoring criteria, and used for the same purposes as those included in the original pool.
- Each loan has made at least one payment under the loan.
- The loan is performing, or if in arrears, for a period not exceeding 30 days.
- The final maturity date does not exceed October 2037.
- The loans have been granted to SMEs located in the region of Cataluña.

At a portfolio level, the following requirements are to be met:

- The WA LTV is equal or less than 64.0%.
- The proportion of unsecured loans is equal to or less than 20%.
- The proportion of unsecured loans of the additional portfolio is equal to or less than 10%.
- Maximum obligor concentration is 1.05% of the outstanding collateral balance.
- The four largest obligors do not represent more than 4.20% of the collateral.
- The 10 largest obligors do not represent more than 10.15% of the collateral.
- The remaining term to maturity of the total pool does not exceed that of the original pool by 10%.
- The WA seasoning should not be less than 10% of the WA seasoning of the original pool.

Credit Analysis

The key sections of Fitch's analysis are the calculation of the default probabilities, mainly derived from vintage data provided by the originator, and the definition of tiered recovery rates for the various stress scenarios. These results were combined with the structural features of the transaction and analysed in a cash flow model. Fitch verified that the CE level of each class of notes would ensure that the payment of interest is met according to the terms and conditions of the documentation, and that ultimate repayment of principal is materialised before and until the legal final maturity date under the respective stress scenario.

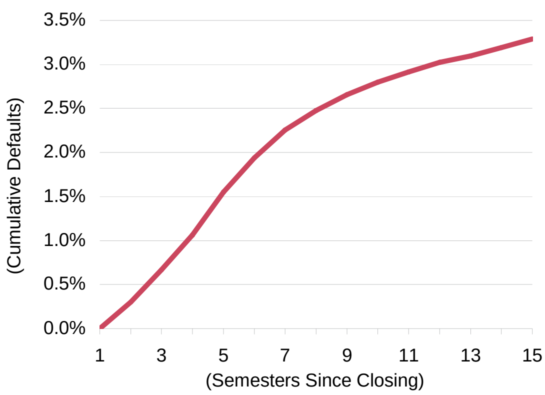
Since the obligation to repay all the loans lies solely with the borrowers themselves rather than being reliant on the real estate assets or any tenancy agreement linked to the properties that secure the collateral, Fitch based its default probability analysis on the credit quality of the borrowers rather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

Default Probability

Fitch derived a WA default rate using default data provided by the originator from Q2/00 to Q2/06. To take account of a full economic cycle, Fitch has extrapolated the default data to seventh year based on the SME Tracker Methodology. The agency then applied multiples that range between one and five to obtain the default probabilities for the higher rating categories. Furthermore, to account for regional and obligor concentration risks present in this pool, these levels were stressed under the different rating scenarios.

Based on Fitch's Pan-European SME CDO Performance Tracker methodology (see report "*Pan-European SME CDO Performance Tracker*", dated 28 September 2006 and available at www.fitchratings.com), the chart below illustrates the expected cumulative base-case defaults for this transaction.

FTGENCAT Caixa Sabadell 1 – FTA



Source: Fitch

Recovery Rate

Fitch's recovery model employs a loan-by-loan review taking into consideration the type of security, the geographical location and the characteristics of the loan that may influence default probability and recoveries. Key to the agency's analysis is the estimated stressed value of the assets under the different rating scenarios, which is determined by identifying market value decline ("MVD") ratios for the different property types.

Mortgages on commercial property were factored using the analytical approach used for CMBS transactions, through the implementation of rental value decline ("RVD") ratios and income capitalisation rates for specific property types. RVDs are based on historical volatility observations for the real estate market in Europe: the greater the volatility of a particular property type, the lower the potential stressed rent achieved in the future and, therefore, the higher its RVD.

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

For the residential mortgages, the standard Spanish RMBS MVDs were factored. Finally, with regard to the unsecured loans, the agency assigned the senior unsecured recovery assumption that is defined by VECTOR for Spanish exposures that range between 28% and 35% for 'AAA' and 'B' scenarios, respectively (see "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.fitchratings.com). The final WA recovery rates were calculated by blending those rates of the secured and unsecured sub-portfolios considering their respective sizes in volume terms as detailed in the table below.

Default Probability and Recovery Rates

Rating	DP (%)	RR (%)
AAA	14.2	58.7
A+	9.9	66.7
BBB-	5.7	76.0
Base Case	3.3	81.4

Source: Fitch

Cash Flow Modelling

Fitch modelled the cash flow mechanics of this transaction using the default probabilities and recovery rates detailed above.

The cash flow model assumed that defaults can occur in front- and back-loaded sequences. Although it depends on the specific amortisation profile of the collateral, a back-loaded sequence is generally more stressful, as most of the defaults would peak well into the life of the transaction. Therefore, substantial amounts of excess spread would already have been paid out by the structure before any provisioning mechanism was triggered. In this case, in a front-loaded stress scenario, 81% of the defaults would occur in the first 24 months after closing.

The analysis calculated the cost of carrying defaulted loans as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess spread, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received. Interest rates were stressed upwards over time as per the criteria definitions included in the report "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.fitchratings.com.

CE analysis also took into account the interest deferral mechanism in place for the class B and C notes, which will redirect funds away from the junior notes and towards the more senior notes if the size of the cumulative level of defaults exceeds the triggers defined for each class of notes. Should the triggers of

50% of the PDL be reaching on either class B or C, interest on such notes may not be received for a certain period of time, but will, in any case, be received prior to the legal maturity date.

In addition, the agency modelled prepayments, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread, which is an important component of the structure's total CE. On the other hand, since the principal repayment is directed to the senior classes, those notes benefit from higher CE as a result of the increase in subordination.

Prepayments will more likely lead to a decline in the WA margin on the underlying collateral, as high margin loans would be more motivated to prepay than those with low margins. This may also cause adverse selection, as the strongest obligors are likely to be most inclined to prepay, which would leave the pool dominated by weaker obligors as the collateral aged. Fitch accounted for margin compression risk by allocating a high percentage of prepayments in the upper spread bucket.

Fitch's recovery calculation assumed foreclosure costs to be 10% of the outstanding loan amount; it also assumed a three-year lapse between the date of default and the recovery date.

Class D Notes

As class D is likely to default, Fitch conducted a sensitivity analysis using its cash flow model to stress the variables that affect the cash available to pay down the class D notes and, in turn, to calculate their expected recovery rate based on the present value of interest and principal payments.

Because funds available for the amortisation of the class D notes will be limited to those released from the reserve fund (if any), the good performance of these notes will be highly dependent on favourable conditions for the collateral backing the class A to C notes. Fitch calculated an expected recovery rate for the class D notes after testing several cash flow scenarios commensurate with the speculative rating levels. In its sensitivity analysis, it tested several variables that affect the release of the reserve fund, and, consequently, the availability of funds for interest and principal payments on the class D notes. These are the key modelling factors:

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

The 'CCC' expected rating on the class D notes is supported by the expected recovery rates. As default on the class D notes appears probable, a distribution of possible recovery rates was obtained. The recovery rate has been calculated as the present value of the class D notes' expected interest and principal payouts using a discount factor of 8.0%. Based on Fitch's calculation, the expected recovery rate was in the range of 60%-90% of the initial note balance.

Origination and Servicing

In addition to the pool analysis, Fitch has reviewed and analysed Caixa Sabadell's origination and servicing guidelines. It has conducted several interviews with the respective originator and servicer managers responsible for the mortgage loan department. Caixa Sabadell follows a tight process of underwriting criteria based on a detailed procedure underwriting manual.

Caixa Sabadell is a regional savings bank based in Sabadell, a town in the province of Barcelona. It was founded in 1859 to meet the savings needs of the town's community. It is currently the fourth-largest savings bank in the region of Cataluña. Operations are centred in its home region of Cataluña where all the branches are located. To develop its business and diversify geographically, Caixa Sabadell has been expanding. Under its 2004-2006 strategic plans, Caixa Sabadell has been focusing on branch expansion in neighbouring areas and other Catalonian provinces (such as Girona, Leida and Tarragona). To date, it has 319 branches and its goal is to open more. The bank opened 25 branches in 2005 and plans another 25 for 2006. Geographical expansion is set to continue aggressively under the 2007-2009 strategic plans and for the first time Caixa Sabadell will expand outside its home region, specifically in Madrid and Valencia. It will also focus on increasing volumes of consumer and SME lending.

Most of its business is retail and lending to individuals, primarily for residential purposes. It also lends to a broad range of SMEs. Exposure to the construction and real estate sectors is primarily in the form of residential development projects, with the majority of loans likely to convert to individual residential mortgages. Caixa Sabadell´s activity in these sectors is part of a strategy aimed at gaining new individuals clients and is supported by buoyant economic conditions in Spain, Caixa´s in-depth knowledge of regional companies and a strict lending policy aimed at improving asset quality indicators.

Caixa Sabadell offers a number of loan products and has wide and advanced on-line banking services. Similar to most of the Spanish savings banks, lending decisions are made on a hierarchical basis. The credit approval process involves five levels: Branches (up to EUR400,000), Credit Unit (EUR400.000 to EUR1.5m), Credit Director and Board of Credit if they need a second opinion (EUR1.5m to EUR4m) and Board of Directors (EUR4m+).The approval process will include credit checks with CIRBE (the Bank of Spain database), RAI (a judicial database) and the ASNEF (the database of the national association of credit organisations).

Mortgage loan borrowers have been evaluated using a credit-scoring system (which is based on a scale 0-100 with 100 being the best score), which has been design and implemented by the association of savings banks ("CECA"). This score system is used by all Cajas de Ahorros.

Delinquent borrowers are identified through an automated system, which delivers alerts to branch managers on a regular basis. A number of automatically generated actions (i.e. letters, telephone calls) are triggered to delinquent borrowers, their frequency and content depending on the level of Caixa Sabadell´s exposure to the borrower. Loans that remain delinquent after 30 days may be outsourced and managed by an external centralised telephone recovery centre, while letters continue to be sent. If the situation remains unresolved and the position is more than 50 days in arrears, an external recovery company will contact the debtor personally to agree a new payment schedule. Once the loan is more than 90 days in arrears, the client's account will be transfer to Caixa Sabadell's legal department. The legal recovery process supported by a team of external lawyers takes into consideration both the outstanding amount and the security provided. In Caixa Sabadell's experience, legal recovery process generally takes around 12 months.

■ Performance Analytics

Fitch will report the performance of this transaction against the base-case default curve outlined in the "*Pan-European SME CDO Performance Tracker*" report. Along with this tool, other details of the transaction's performance will be available to subscribers at www.fitchresearch.com. Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

GCFTGENCAT Caixa Sabadell 1, F.T.A. — Spain/CDO

Capital Structure

Class	Rating	Size (%)[3]	Size (EURm)	CE (%)	PMT Freq	Final Legal Maturity	Coupon
A(S)	AAA	37.84	113.5	9.34	Quarterly	Oct 2040	3m-Euribor+ Spread
A(G)[1]	AAA	54.33	163.0	9.34	Quarterly	Oct 2040	3m-Euribor + Spread
B	A+	3.90	11.7	5.43	Quarterly	Oct 2040	3m-Euribor + Spread
C	BBB-	3.93	11.8	1.50	Quarterly	Oct 2040	3m-Euribor + Spread
D[2]	CCC	1.50	4.5	n.a.	Quarterly	Oct 2040	3m-Euribor + Spread

[1] The Autonomous Community of Catalonia ("*Generalitat de Catalunya*", rated 'AA-/F1+') will guarantee the ultimate payment of interest and principal on the class A (G) notes.
[2] Uncollateralised notes issued to finance the creation of the reserve fund at closing.
[3] These percentages are expressed as a proportion of the initial collateral balance.

Key Information

Closing Date	24 October 2006 (expected)	**Role**	**Party (Trigger)**
Country of Assets	Spain		
Structure	Pass-through, sequential, pro rata under certain conditions	**Originator/Servicer of the Loans**	Caixa Sabadell
Type of Assets	SME secured and unsecured loans	**Issuer**	GCFTGENCAT Caixa Sabadell 1, F.T.A.
Currency of Assets	EUR	**Servicer of the Notes**	Gesticaixa SGFT SA
Currency of Notes	EUR	**Financial Agent**	La Caixa ('F1')
Primary Analyst	henry.gallego@fitchratings.com	**Swap Counterparty**	La Caixa ('A/F1)
Secondary Analyst	laura.franco@fitchratings.com		
Performance Analyst	constantinos.tavlas@fitchratings.com		

Collateral: Pool Characteristics as of 29 September 2006*

Current Principal Balance (EUR)	368,429,527	Region of Catalunya (%)	100.0
Loans (No.)	1,344		
Current WAL (Zero Prepayments, Years)	4.20	Linked to Obligors in Real Estate Business (%)	54.6
WA Coupon (%)	3.85	Top Four Industry Sectors (%)	77.9
WA Spread (%)	0.86	Backed by First-Ranking Mortgages (%)	81.4
% Fixed Interest Rate	3.27	WA Original LTV (for Mortgages) (%)	66.7
% Floating Rate	96.73	WA Current LTV (for Mortgages) (%)	62.2
Top 1 Obligor (%)	1.05	Longest Maturity	Oct 37
Top 4 Obligors (%)	4.14	Shortest Maturity	Oct 07
Top 10 Obligors (%)	10.0	WA Seasoning (Months)	24
Obligors (No.)	1,219	WA Time to Maturity (Months)	87

* All percentages as a proportion of the provisional collateral outstanding balance.
Source: Transaction documents, the seller and Fitch