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CLO Postsale Report

GC FTPYME PASTOR 1, Fondo de Titulización de Activos

€225 million floating-rate notes

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Profile

Closing date: Oct. 30, 2003.
Collateral: A portfolio of loans to small and midsize enterprises originated by Banco Pastor, S.A.
Legal final maturity: April 15, 2027.
Guarantor: Ministry of Economy, Kingdom of Spain guaranteeing the class AG notes.
Trustee: GestiCaixa, SGFT, S.A.
Originator: Banco Pastor, S.A.
Servicer: Banco Pastor, S.A.
Swap counterparty: Banco Pastor, S.A.
Bank account providers: Banco Pastor, S.A., and La Caja de Ahorros y Pensiones de Barcelona.
Supporting ratings: Banco Pastor, S.A. (A-/Stable/A-2) as bank account provider and interest rate swap counterparty, and Caja de Ahorros y Pensiones de Barcelona as bank account provider (A+/Stable/A-1).

Rationale

The credit ratings assigned to the €225 million floating-rate notes issued by GC FTPYME PASTOR 1, Fondo de Titulización de Activos reflect:

- The credit analysis of the portfolio;
- The credit protection provided by the level of subordination and the reserve fund; and
- Standard & Poor's cash flow analysis, which subjects the structure to a variety of stresses requested by Standard & Poor's.

Transaction Summary

GC FTPYME PASTOR 1 is the fourth CLO completed by Banco Pastor, S.A. that involves credit exposure to a static pool of the bank's domestic small and midsize (SME) corporate clients. The transaction involves some structural enhancements provided by the swap agreement, amortization of the notes, and a guarantee from the Kingdom of Spain (AA+/Positive/A-1+).

Effectively, this transaction qualifies for the FTPYME treasury guarantee, by Ministerial order of Dec. 28, 2001, which applies to the class AG notes only. Under the terms of the guarantee, the Treasury irrevocably and unconditionally guarantees interest and principal payments under these notes. The guarantee takes up to 90 days to be paid to the issuer, so there is a liquidity facility amounting to €1.5 million provided by Caja de Ahorros y Pensiones de Barcelona (La Caixa), which can be drawn to timely pay the interest on the class AG notes. The portion drawn under the liquidity facility is reimbursed by the guarantee.

The guarantee program was set up in late 1998 to promote access to a more diversified source of financing for the Spanish SME (or "PYME") sector. The legal framework for the guarantee has been evolving and the latest amendments took place in April 2003.

Several requirements must be met to access the guarantee program, as follows:

- The lending entity must have signed an agreement with the Ministry of Economy.
- The assets to be securitized must not be lendings to financial entities.
- The borrowers must comply with the definition of SME as provided in the European Commission circular dated April 1996.
- The assets to be securitized must have a maturity greater than one year.
- At least 80% of the portfolio to be securitized must be loans to SMEs.
- The tranche that benefits from the guarantee must be rated at least 'AA' without the guarantee.

Standard & Poor's analyzed the credit quality of the pool without adding the benefit of the guarantee and assigned a 'AAA' rating to the guaranteed tranche.

Strengths, Concerns, and Mitigating Factors

Strengths

The strengths of the transaction observed in the rating analysis are as follows:

- Banco Pastor has historically experienced low default rates.
- Banco Pastor as servicer has demonstrated strength in the close management of its SME portfolio.
- A swap agreement hedges the interest-rate risk and leaves a spread of 30 basis points (bps) in the transaction.

Concerns

Concerns identified with respect to the transaction are as follows:

- There is some concentration by obligor. The top 10 obligors represent 9.87% of the pool. SME portfolios would ideally be more granular and show a concentration per obligor of less than 1%.
- There is regional concentration in that Galicia represents 27% of the portfolio.
- One industry sector represents more than 20% of the total portfolio.
- Banco Pastor (A-/Stable/A-2) acts as swap counterparty with a short-term rating of 'A-2'.

Mitigating Factors

Factors that mitigate these concerns are as follows:

- Only two obligors are more than 1% concentrated. The credit enhancement in the transaction covers the concentration in the top 10 obligors of the pool. The pool is static and all concentration issues have been covered by the credit analysis.
- The regional concentration is due to the historically strong presence of Banco Pastor in Galicia, its original market. Banco Pastor is expanding nationwide. This expansion is reflected in the geographical split of the pool, with marked presence in Madrid and Catalonia.
- The concentration in building and development is to be expected as this is the traditional profile of Spanish SMEs and is therefore embedded in the historical data of the pool.
- Banco Pastor posts collateral as necessary as defined under the swap agreement to mitigate the risk linked to an 'A-2' rated counterparty.

Transaction Summary

GC FTPYME PASTOR 1 as the issuer has as its sole purpose to acquire secured and unsecured loans to Spanish SMEs originated by Banco Pastor. The transfer of assets is a true sale. The unsecured loans have been assigned to the issuer directly while the mortgage loans have been sold to the issuer through the issuance of mortgage loan participations issued by Banco Pastor.

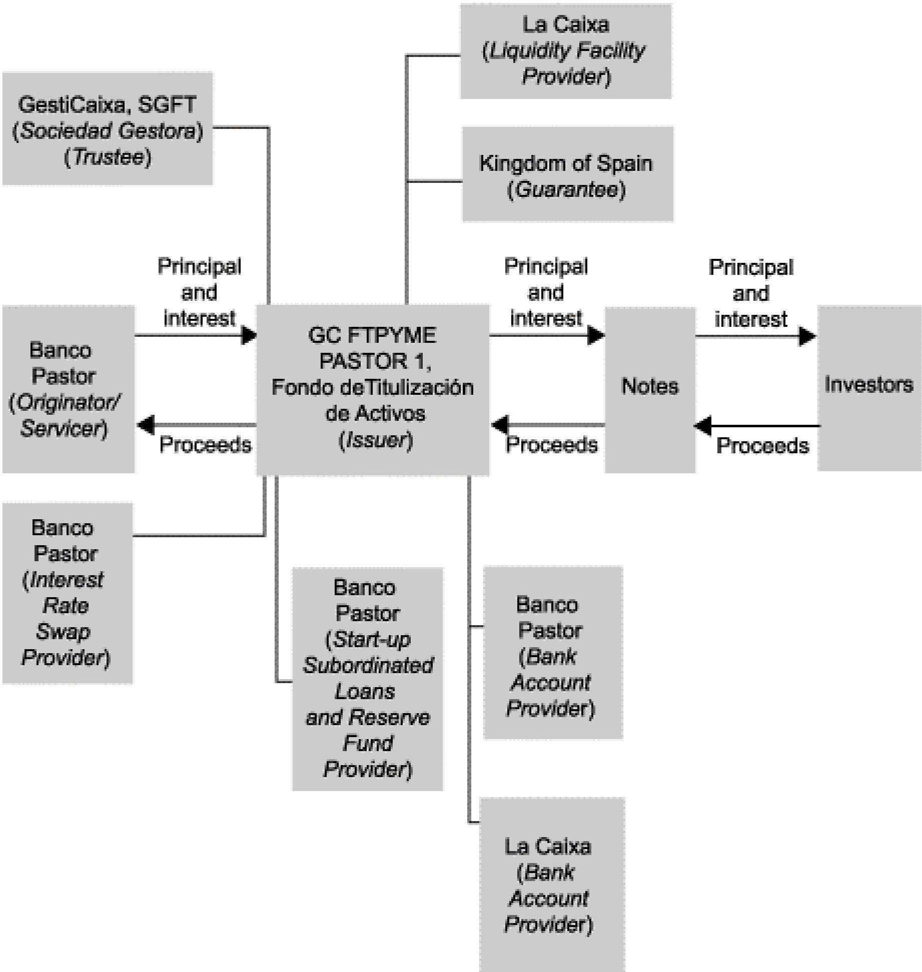
Each mortgage participation represents, in an equal amount, the outstanding balance of the mortgage loan originated by Banco Pastor. The mortgage participations entitle GC FTPYME PASTOR 1 to any rights and proceeds due under the securitized mortgage loans.

The issuer simultaneously issued four classes of floating-rate notes. The notes are ultimately backed by the acquired pool of loans.

Transaction Structure

At closing, Banco Pastor sold its portfolio of unsecured loans and mortgage participations backed by secured loans to the issuer. The unsecured loans and mortgage participations were purchased by GestiCaixa, Sociedad Gestora de Fondos de Titulización, S.A., the "*sociedad gestora*" (trustee equivalent), on behalf of the issuer (see chart).

Chart 1
GC FTPYME PASTOR 1,
Fondo de Titulización de Activos Structure



The total outstanding amount of the secured and unsecured loans amounted to €225 million at closing.

To fund this purchase, GestiCaixa issued, on behalf of GC FTPYME PASTOR 1, four classes of floating-rate quarterly-paying notes.

The notes issued by GC FTPYME PASTOR 1 are protected from potential credit losses on the underlying mortgages by the subordination of junior classes of notes in alphabetical order (with class AS and AG ranking pari passu), the 30 bps excess spread from the interest rate swaps, and the subordinated loan.

In this structure, all interest and principal received can be used combined to pay principal and interest due under the notes. This means a trigger will be implemented so that in a stressful economic environment the senior notes are amortized before the payment of the interest on the class B and C notes. These triggers are based on the level of arrears of the collateral, from 90 days past due, as follows:

- If the percentage of arrears is equal to or greater than 15% then the interest on the class C notes is deferred until full redemption of the class AS, AG, and B notes.
- If the percentage of arrears reaches 20%, then the interest paid on the class B notes is deferred until full redemption of the class AS and AG notes.

Role of the Parties

GC FTPYME PASTOR 1, Fondo de Titulización de Activos (Issuer)

The issuer, GC FTPYME PASTOR 1, is a *"fondo de titulización de activos"* created for the sole purpose of purchasing the collateral of loans originated by Banco Pastor, issuing the notes, and carrying on related activities. The issuer holds a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and the sociedad gestora.

GestiCaixa, Sociedad Gestora de Fondos de Titulización, S.A. (Trustee or Sociedad Gestora)

The sociedad gestora is GestiCaixa. The creation of the sociedad gestora was authorized by the Ministry of Economy and Treasury in August 1994. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the issuer are managed by the sociedad gestora, which represents and defends the interests of the noteholders. The sociedad gestora, on behalf of the issuer, entered into certain contracts (a GIC, a swap agreement, a liquidity facility, and subordinated loan agreements) needed to protect it against certain credit losses and liquidity shortfalls that are assumed to arise in connection with holding the loans. In this transaction the main responsibilities of the sociedad gestora are to create the issuer, issue the notes, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes and assets, and organize the annual audit.

Banco Pastor, S.A. (Originator and Servicer)

Banco Pastor is a midsize bank, ranking 18th in Spain. It holds a relatively small market share, about 1% of Spain's deposits and loans, but enjoys an outstanding regional presence in its original home market, Galicia, which is one of its main business strengths. Banco Pastor has developed strong ties and relationships with Galicia's industrial and rural communities, achieving a dominant 18.5% market share in the region. Penetration levels with local SMEs, the bank's main target client until fairly recently, are much higher.

Banco Pastor is focused on both SMEs and individuals. The range of products offered aims to cover the entire spectrum of clients' financial needs. Residential mortgages for individuals and credit lines to fund the working capital needs of SMEs are its core lending activities. The bank's manageable size, the excellent quality of its information management systems, and the top management's close involvement in the bank's day-to-day operations are important competitive strengths.

The bank operates a large and growing branch network (466 outlets), and introduced telephone and Internet banking (Oficina Directa and Pastornet) channels to service clients, primarily those based outside its core region and with more sophisticated financial needs.

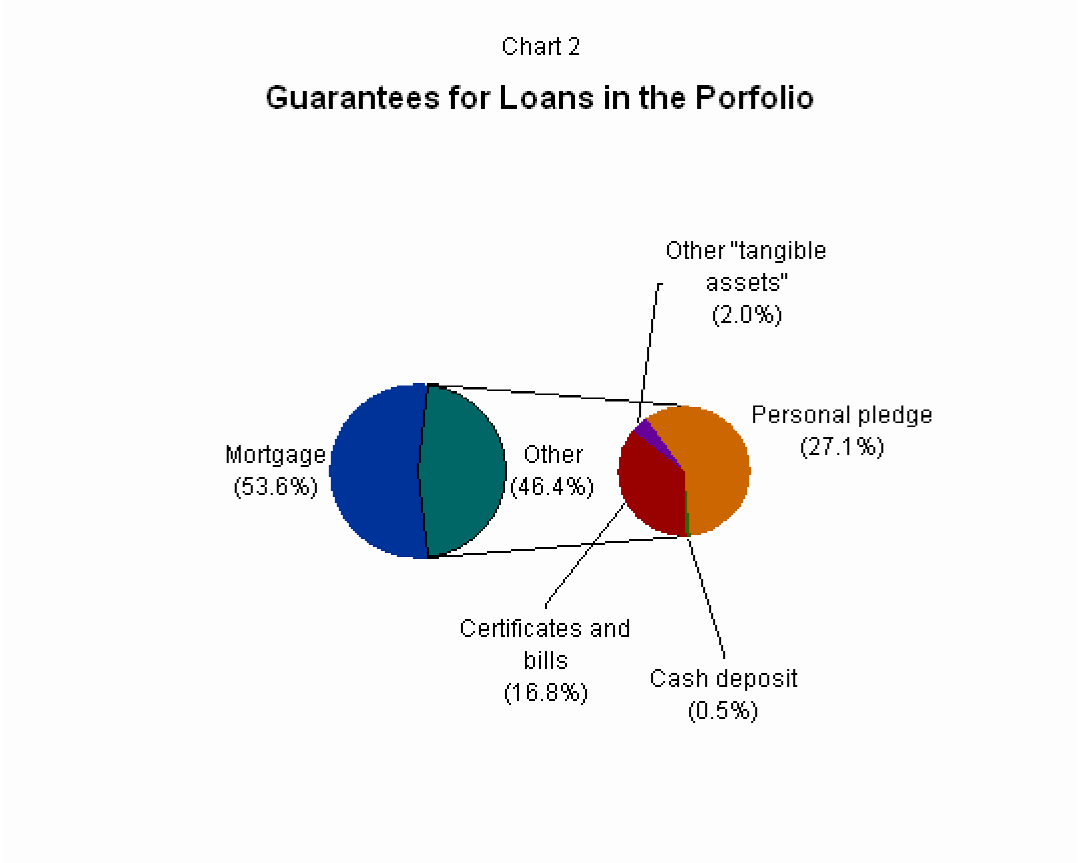
Galicia is its main market, representing 63% of the bank's branches, originating 31% of its lending activities. However, Banco Pastor has begun a process of expansion outside Galicia. Pastor's outlets are mostly located in neighbouring regions (accounting for 11% of the network), and the populous, wealthy cities of the regions of Madrid and Catalonia (7% in each region).

Collateral Description

As of July 15, 2003, the static pool of loans consisted of 2,942 amortizing secured and unsecured loans. Of the outstanding amount, 53.59% are secured by a mortgage over properties and commercial premises situated in Spain (see table 1). At least 84% of the secured loans have a first-ranking mortgage lien.

Of the pool, 46.41% consists of unsecured loans, with some guarantees (shown in chart 2).

Table 1: Pool Composition			
	Percentage of the pool (outstanding balance)	Outstanding amount	Number of transactions
Secured loans	53.59	138,579,652.3	715
Unsecured loans	46.41	119,998,886.5	2,227
Total	100.00	258,578,538.7	2,942



The weighted-average LTV ratio of the secured pool is 89.90%, partly due to its low seasoning, with 48.72% of the pool originated in the 18 months up to July 2003. The weighted-average seasoning is 19.29 months (see table 2).

Table 2: Breakdown of the Pool by Seasoning	
Seasoning	Percentage of outstanding amount
More than 60 months	4.07
48 to 60 months	3.41
36 to 48 months	4.71
24 to 36 months	27.86
12 to 24 months	26.73
Less than 12 months	33.24

The pool is diversified across the regions of Spain, but there is some concentration in Galicia (27%). The next biggest concentrations are in Madrid (18%) and Catalonia (9%).

Outstanding arrears amount to 0.26% of the pool as of Sept. 27, 2003. The pool was originated between 1994 and 2003.

The largest industry concentration, by Standard & Poor's industry sector, is building and development, which represents 26% of the pool.

At the obligor level, the largest obligor represents 1.6% and the largest 10 borrowers 9.97% of the pool.

The collateral has a weighted-average interest rate of 4.16%.

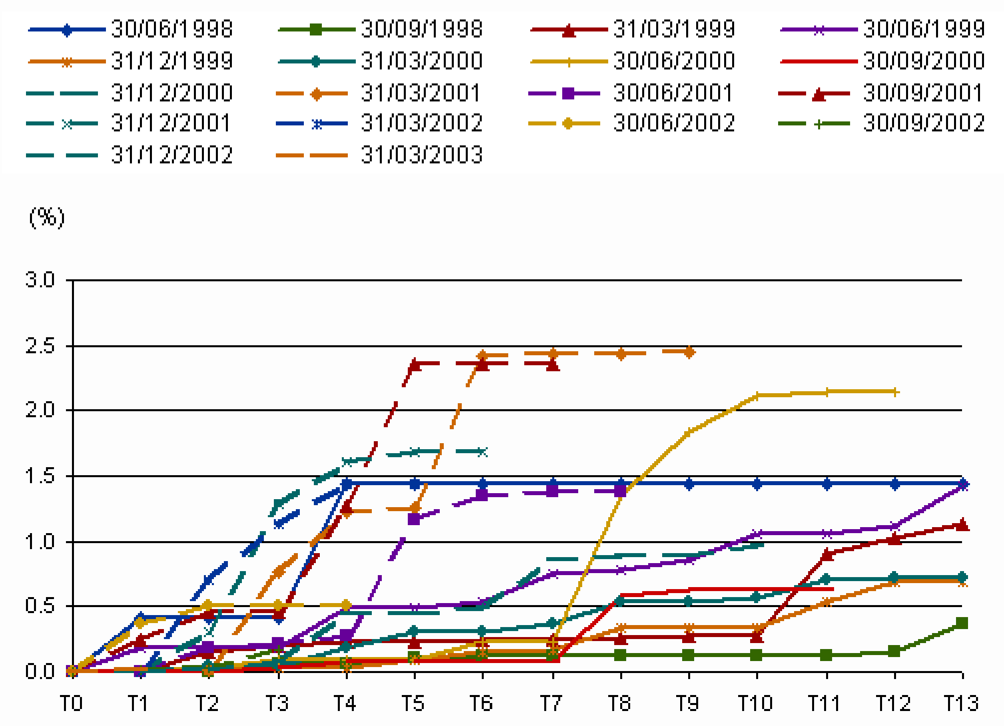
Collateral Risk Assessment
Standard & Poor's conducted an actuarial analysis on historical data provided by the originator to assess the credit risk of the pool, following the methodology explained in the criteria piece entitled *"Securitizing Spanish-Originated Loans to Small and Midsize Enterprises"*, published April 11, 2003, available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. With the historical data provided by the originator, Standard & Poor's could determine at each rating level a foreclosure probability and loss rate.

The product of these two variables estimates the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher is the required enhancement level.

Chart 3 shows the historical levels of loans becoming delinquent after arrears amounting to 90 days.

Chart 3

Default Curves by Quarter of Origination



Standard & Poor's considers that the historical loss experience of Banco Pastor fairly reflects its current underwriting and monitoring processes.

Credit Structure

Transaction Account (GIC Account)
The servicer, on behalf of GC FTPYME PASTOR 1, transfers the collected amounts to the GIC account held at Banco Pastor in the name of the issuer in the first seven calendar days of the month.

GC FTPYME PASTOR 1 entered into a GIC agreement with Banco Pastor, under which Banco Pastor guarantees a rate of interest equal to the reference rate of the notes plus 15 bps. The collections are held until being transferred to the treasury account two business days before the quarterly interest payment date under the notes to the treasury account.

The transaction account has a limit. If funds deposited are more than 12% of the outstanding amount of the notes, the excess is transferred immediately to the treasury account, which is held with an institution rated at least 'A-1'.

Should the short-term rating on Banco Pastor be lowered, the funds held in the transaction account would immediately be transferred to the treasury account.

Treasury Account (GIC Account)

The account guarantees an interest rate equal to three-month EURIBOR less 15 bps.

Interest Swap Agreement

The sociedad gestora entered, on behalf of GC FTPYME PASTOR 1, into a swap agreement with Banco Pastor as swap counterparty.

GC FTPYME PASTOR 1 pays an amount equivalent to the outstanding amount of the notes multiplied by the weighted-average interest rate on the collateral less 30 bps.

GC FTPYME PASTOR 1 receives from the swap counterparty an amount equivalent to the outstanding amount of the notes multiplied by the weighted-average interest rate on the notes.

Within 30 days of notification of a downgrade of the swap counterparty, it has to:

- Obtain a guarantee from an entity with a short-term rating of at least 'A-1';
- Find a replacement entity with a short-term rating of at least 'A-1' to assume its contractual position; or
- Post collateral in an amount subject to Standard & Poor's rating confirmation.

As Banco Pastor is rated 'A-2', Banco Pastor posts collateral as needed to maintain the rating on the notes.

Subordinated Loans

Banco Pastor provided subordinated loans at closing. These loans funded the closing expenses and the initial mismatch between the assets and liabilities of the fund.

Subordinated Loan for the Reserve Fund

The structure is enhanced by a subordinated credit line, amounting to 2.3% of the initial issue amount of the notes, to cover any shortfalls in interest and principal arising at any payment date. The reserve fund was fully funded at closing.

The maximum amount of the reserve fund reduces over time up to a minimum floor of 1.15% of the initial issue amount.

This reduction is not permitted on a given payment date if there is insufficient available funds to amortize the notes, or if the arrears are greater than 2.5% of the outstanding balance of the collateral.

Redemption of the Notes

Unless redeemed earlier, the notes will be redeemed at their legal final maturity on April 15, 2027, which is 42 months after the maturity of the longest-term mortgage loan in the pool.

The notes redeem sequentially. They may be fully redeemed if:

- The remaining balance of the collateral falls below 10% of its original balance; or

- The sociedad gestora becomes bankrupt, or its authorization is revoked and no replacement can be found.

The amount amortized at each payment date equates to the outstanding amount of the notes less the outstanding balance of the collateral, which does not include defaulted loans.

Defaulted loans are defined in this transaction as having arrears greater than 18 months.

Interest is paid quarterly in arrears, commencing Jan. 15, 2004.

Standard & Poor's Stress Test

Standard & Poor's analysis included a conservative assessment of the credit risk inherent in the transaction, as described in the section titled *"Collateral Risk Assessment"*. The credit enhancement levels were sized after analyzing the impact that severe stress scenarios would have on the loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

A cash flow model simulating the portfolio's performance within the transaction's documented structure was run under certain rating scenarios to stress liquidity and the level of excess spread in the transaction. Prepayment levels, fees and expenses paid by the issuer, default pattern and interest rates were the most important parameters stressed in all the runs.

Surveillance Details

Continual surveillance is maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral are analyzed, supporting ratings are monitored, and regular contact is made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

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