GC SABADELL EMPRESAS 4, Fondo de Titulización de Activos

ABS/Leasing / Spain

Closing Date
15 June 2009

Contacts
Luis Mozos
+34 91 702-6615
Luis.Mozos@moodys.com
Benedicte Pfister
+44 20 7772-8629
Benedicte.Pfister@moodys.com

Client Service Desk
London: +44 20 7772-5454
Madrid: +34 91 414-3161
clientservices.emea@moodys.com
New York: +1 212 553-1653

Monitoring
monitor.abs@moodys.com

Website
www.moodys.com

Definitive Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordi-nation	Reserve fund	Total Credit Enhance-ment*
A	**Aaa**	€525.8	84.80	April 2035	3mE +0.55%	15.20%	11.0%	26.20%
B	**A3**	€25.1	4.05	April 2035	3mE +1.25%	11.15%	11.0%	22.15%
C	**Ba2**	€69.1	11.15	April 2035	3mE +1.75%	0.0%	11.0%	11.00%
Total		€620.0	100.00					

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.
** No benefit attributed to excess spread.*

Vscore for the sector:	Medium/High
Vscore for the subject transaction:	Medium/High

The subject transaction is a cash transaction of credit rights (interest and principal, excluding the purchase option) extended to obligors located in Spain and is a static structure. The portfolio consists of credit rights derived from financial lease contracts.

Asset Summary (definitive pool as of closing)

Sellers/Originators:	Banco Sabadell, S.A. ("Banco Sabadell") (A2/P-1/C-; Negative Outlook)
Servicer(s):	Banco Sabadell
Receivables:	Credit rights (interest and principal, excluding the purchase option) derived from financial lease contracts granted to Spanish enterprises and self-employed individuals.
Methodology Used:	Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA", March 2009 (SF141058) Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890) Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)
Model Used:	CDOROM & ABSROM
Total Amount:	€619,999,998
Length of Revolving Period:	Static
Number of Borrowers:	3,197
Number of Groups:	Not made available
Effective Number:	255 (calculated considering obligors' exposure)
WA Remaining Term:	7.75 years
WA Seasoning:	2.22 years
Weighted Average Life (WAL) Years:	4.42 years
Interest Basis:	4.1% fixed-rate loans and 95.9% floating rate loans
WA Current LTV:	57.1% for the Real Estate sub-pool
Delinquency Status:	No loans in arrears included in the final portfolio
Default Rate Observed (extrapolated data):	4.6%

Note a table of contents for this report appears on its final page.

Asset Summary (continued)

Coefficient of Variation (CoV) (raw data):	150%
Recovery Rate Observed (raw data):	66%

Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	0.25%
Credit Enhancement/Reserves:	0.25% excess spread (guaranteed by the swap)
	11.0% reserve fund
	Subordination of the notes
Form of Liquidity:	Principal to pay interest and reserve fund protection
Number of Interest Payments Covered by Liquidity:	Not applicable
% of Reserve Fund Dedicated to Liquidity:	Reserve fund ledger not available
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date after a 12-month lock-up period
Payment Dates:	16 March, 16 June, 16 September, 16 December
	First payment date: 16 September 2009
Hedging Arrangements:	Interest rate swap to cover interest rate risk

Counterparties

Issuer:	GC SABADELL EMPRESAS 4, FTA
Sellers/Originators:	Banco Sabadell
Servicer:	Banco Sabadell
Back-up Servicer:	A back-up servicer will be appointed if Sabadell is downgraded below **Baa3**
Back-up Servicer Facilitator:	None
Cash Manager:	GestiCaixa S.G.F.T. S.A. (“GestiCaixa”) **(Not Rated)**
Back-up Cash Manager:	None
Interest Rate Swap Counterparty:	Banco Sabadell
FX Swap Counterparty:	Not applicable
Basis Counterparty:	Not applicable
Issuer Account Bank:	Banco Sabadell
Collection Account Bank:	Banco Sabadell
Paying Agent:	Banco Sabadell
Note Trustee (Management Company):	GestiCaixa
Issuer Administrator:	GestiCaixa
Arrangers:	Banco Sabadell, GestiCaixa
Lead Managers:	Banco Sabadell
Other Parties:	

Moody’s View

Outlook for the Sector:	Negative
Unique Feature:	Asset type and structure has been seen previously in the market
Degree of Linkage to Originator:	Sabadell will act as servicer (a back-up servicer will be appointed if Sabadell is downgraded below Baa3), interest rate swap counterparty, issuer account bank, and paying agent
Originator’s Securitisation History:	
Number of Precedent Transactions in Sector:	Two leasing deals
% of Book Securitised:	Not made available
Behaviour of Precedent Transactions:	Transactions were not rated by Moody’s
Key Differences between Subject and Precedent Transactions:	Not available as previous deals were not rated by Moody’s
Portfolio Relative Performance:	
Default Rate Assumed/Ranking:	12.5%. Lower than peer group. Comparison on Default Rate can be found in “Benchmark Analysis”
Coefficient of Variation Assumed on Default Rate/Ranking:	55%. In line with peer group. Comparison on CoV can be found in “Benchmark Analysis”
Recovery Rate Assumed/Ranking:	40% fix. In line with peer group. Comparison on Recovery Rate can be found in “Benchmark Analysis”
Delinquencies Observed in Portfolio:	Loans in arrears has been excluded in the definitive portfolio

Potential Rating Sensitivity:

Chart Interpretation: When the rating was assigned, the model output indicated that Class A would have achieved a "Aa range" rating even if the cumulative mean DP was as high as 14.3% and even assuming a recovery rate as low as 35%, whilst the Class B and Class C would have been Baa2 and B1, respectively, in the same scenario.

Factors Which Could Lead to a Downgrade: In addition to the counterparty linkage, the following factor may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market (beyond the recovery lag and stress that was modelled).

Table 1:

	Portfolio WA Rating Assumption[3]	Recovery Rate 40%	35%	30%
CLASS A	Ba3/B1 (12.5%)[4]	**Aaa***	Aa1 (1)	Aa3 (3)
	B1 (14.3%)[4]	Aa2 (2)	Aa3 (3)	A1 (4)
	B1/B2 (16.2%)[4]	Aa3 (3)	A1 (4)	A2 (5)

	Portfolio WA Rating Assumption [3]	Recovery Rate 40%	35%	30%
CLASS B	Ba3/B1 (12.5%)[4]	**A3***	A3 (0)	Baa1 (1)
	B1 (14.3%)[4]	Baa1 (1)	Baa2 (2)	Baa3 (3)
	B1/B2 (16.2%)[4]	Baa2 (2)	Baa3 (3)	Ba1 (4)

	Portfolio WA Rating Assumption[3]	Recovery Rate 40%	35%	30%
CLASS C	Ba3/B1 (12.5%)[4]	**Ba2***	Ba3 (1)	Ba3 (1)
	B1 (14.3%)[4]	Ba3 (1)	B1 (2)	B1 (2)
	B1/B2 (16.2%)[4]	B2 (3)	B3 (4)	Caa1 (5)

1) *Results are model-indicated ratings, which are one of the many inputs considered by rating committees, which take quantitative and qualitative factors into account in determining actual ratings. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might have differed if key rating input parameters were varied.*

2) *Results under base case assumptions indicated by ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.*

3) *Moody's estimates a cumulative mean DP for the portfolio and the corresponding proxy rating applying its SME methodology, please refer to 'Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA' published in March 2009.*

4) *Weighted average portfolio proxy rating over the pool WAL corresponding to the cumulative default probability assumed (weighted average life of the portfolio - WAL: 4.42 years)*

Composite V Score

Breakdown of the V Scores Assigned to		Sector	Transaction	Remarks
Composite Score: Low, Medium or High		**M/H**	**M/H**	
1	**Sector Historical Data Adequacy and Performance Variability**	**M/H**	**M/H**	
1.1	Quality of Historical Data for the Sector	M/H	M/H	– Same as sector score.
1.2	Sector's Historical Performance Variability	M/H	M/H	– Same as sector score.
1.3	Sector's Historical Downgrade Rate	M/H	M/H	– Same as sector score.
2	**Issuer/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure**	**M/H**	**M/H**	
2.1	Quality of Historical Data for the Issuer/Sponsor/ Originator	M/H	M/H	– Same as sector score. – The historical information is limited as historical information available does not cover a severe stress scenario (uncertainty whether past performance adequately reflects future performance). – Moody's has received data from 1997 through 2008 on delinquencies over 90 days and on recoveries.
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M/H	M/H	– Same as sector score.
2.3	Disclosure of Securitisation Collateral Pool Characteristics	L/M	L/M	– Same as sector score. – Detailed loan by loan data has been provided for the analysis of the transactions. – Information on Sabadell's internal rating system (certified by the Bank of Spain) and LGD data have also been provided.
2.4	Disclosure of Securitisation Performance	M	M	– Same as sector score. – As for most deals in this mature market, Moody's has not received a specific template for the monitoring report. Expectations are that the management company GestiCaixa will continue providing at least the same amount and quality of data as it is currently doing for previous deals. – Potential improvements that could make this score to move to L/M: provide loan-by-loan updated pool-cuts periodically, 90+ cumulative default data and all the triggers details.
3	**Complexity and Market Value Sensitivity**	**M**	**M**	
3.1	Transaction Complexity	M	M	– Same as sector score.
3.2	Analytic Complexity	M	M	– Same as sector score.
3.3	Market Value Sensitivity	M	M	– Same as sector score.
4	**Governance**	**L/M**	**L/M**	
4.1	Experience of, Arrangements Among and Oversight of Transaction Parties	L/M	L/M	– Same as sector score.
4.2	Back-up Servicer Arrangement	L	L	– Same as sector score: investment grade servicer with "lost of Baa3" to appoint a new back up servicer.
4.3	Alignment of Interests	L/M	L/M	– Same as sector score.
4.4	Legal or Regulatory Uncertainty	L/M	L/M	– Same as sector score.

Strengths:

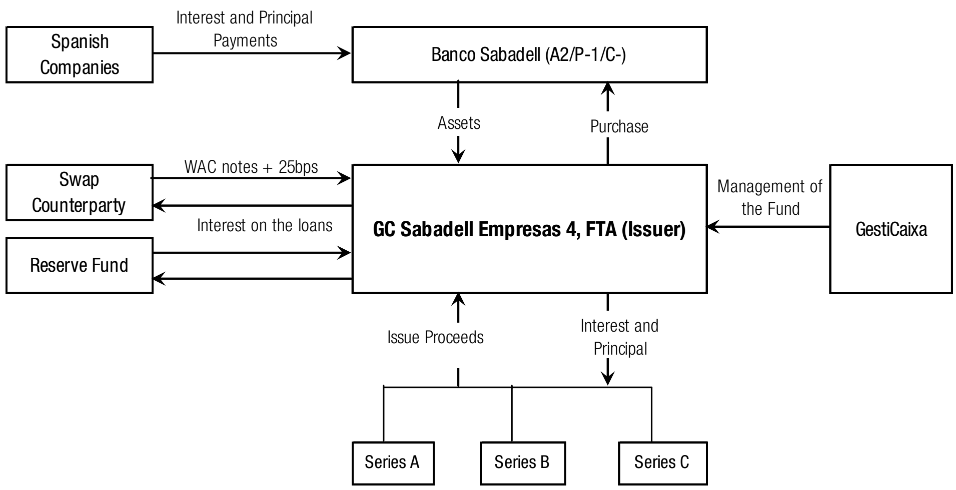
- **Portfolio Security and Arrears:** 56.7% of the portfolio is secured over Real Estate properties (Weighted Average Loan-to-Value (LTV) is around 57.1%). No loans in arrears have been included in the final portfolio.
- **Hedged Interest Rates:** A strong interest swap agreement will guarantee the weighted-average interest rate on the notes plus 0.25% of excess spread. The swap notional is the notes outstanding balance.
- **Back-up Servicing:** Banco Sabadell will identify a back-up servicer if it is downgraded below **Baa3**. At this stage, the back-up servicer will enter into a back-up servicer agreement, and will only step in at the discretion of the management company.
- **Data provided:** Banco Sabadell has provided a good set of information for the analysis (including historical performance data and internal ratings and LGD information)
- **Seasoning:** Good seasoning of the portfolio (2.22 years)
- **Write-off mechanism:** The structure includes a 12-month artificial write-off mechanism.
- **Residual Value:** The residual value component has not been securitised so investors are not exposed to the risk of obligors not exercising the residual purchase option. Additionally, the originator will rank junior with respect to GC SABADELL EMPRESAS 4, FTA (the *Fondo*) for any amount due to the purchase option should the relevant lessee default.

Concerns and Mitigants:

Moody's committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- **Concentrated Portfolio:** The portfolio's effective number of obligors is 255. This feature has been taken into account in Moody's quantitative analysis.
- **Exposure to Real Estate:** Approximately 31.9% of the portfolio is exposed to the Construction and Building sector. This feature has been taken into account in Moody's quantitative analysis, as further explained under "Treatment of Concerns."
- **Regional Concentration:** Strong concentration in Catalonia region 50.2% of the portfolio, mitigated in part because this is the region of Banco Sabadell's origin, where it has its stronger expertise.
- **Deferral of interest:** The deferral of interest payments on each of Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on Series B and C. The size of the reserve fund and the subordination take into account this deterioration on the expected loss.

Chart 2:
Structure Chart



Allocation of Payments/Waterfall: On each quarterly payment date, the *Fondo*'s available funds (i.e. amounts received from the portfolio, the reserve fund, the commingling reserve (if applicable), amounts received under the swap agreement, and interest earned on the treasury account) will be applied in the following simplified order of priority:

1. Senior expenses;
2. Interest on Series A;
3. Interest on Series B (if not deferred);
4. Interest on Series C (if not deferred);
5. Principal repayment
6. Interest on Series B (if deferred);
7. Interest on Series C (if deferred);
8. Reserve fund replenishment

The notes will initially amortise sequentially (after the 12 months lock-up period during which all the amounts allocated to principal repayment will be deposit in the amortisation account) and could switch to pro-rata subject to certain triggers described below.

Allocation of Payments/PDL like mechanism: A Principal Deficiency Ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A nonperforming asset is defined as one with any amount due but unpaid for more than 12 months or one written off according to management's discretion.

Performance Triggers:

Trigger	Conditions	Consequence
Interest deferral	– The cumulative written-off level exceeds 25% and 15% for Series B and C, respectively	Interest payments on Series B and/or C Notes will be brought to be more junior in the waterfall (until the Series senior to it is fully redeemed) and will be paid after principal is repaid.
Stop pro-rata amortisation	– The arrears level (defined as the percentage of non-written off loans more than 90 days in arrears) exceeds 1.25% and 1.0% for Series B and C respectively; or – The reserve fund is not funded at its required level on the previous payment date; or – The portfolio balance is less than 10% of the initial portfolio balance	Switch back to sequential amortisation
Stop Reserve Fund Amortisation	– The arrears level exceeds 1.0%; or – The reserve fund is not funded at its required level on the previous payment date or – Less than two years have elapsed since closing	The target amount of the reserve fund will not be reduced on any payment date on which these occur

Liquidity: The reserve fund has been funded up front with a subordinated loan, granted by the originator for an amount equal to 11.0% of the notes. It provides both credit and liquidity protection to the notes.

After the first two years of the transaction, the reserve fund may amortise over the life of the transaction so that it amounts to the lower of the following amounts:

- 11.0% of the initial balance of the Series A, B and C notes
- The higher of:

  22.0% of the outstanding balance of the Series A, B and C notes
- 5.5% of the initial balance of the Series A, B and C notes

Subordination of Interest: The payment of interest on Series B and C will be brought to a more junior position if, on any payment date, and for each of these series the cumulative written-off level exceeds 25% and 15% for Series B and C, respectively

Assets:

Asset transfer:

True Sale: According to the legal opinion received, the sale of credit rights has been carried out in compliance with the Spanish securitisation law.

The periodic instalments paid by the lessee under a financial lease contract comprise three components: interest, principal and taxes. However, the credit rights acquired by the Fondo will constitute solely the interest and principal components, excluding the principal associated with the purchase option (equal to the principal of the final instalment), which will remain on Banco Sabadell's balance sheet. In the event of a default of a lessee, an order of priority with respect to partial recoveries has been established between the Fondo and Banco Sabadell, whereby the credit rights acquired by the Fondo will rank senior with respect to the purchase option. Although the purchase option typically represents a marginal value at the inception of the contract, the potential benefit derived from this order of priority would increase as the contract draws closer to its term. It is also worth noting that where the leasing contracts are formalised under public deed and real estate leases are recorded with the Property Registry, the Spanish Insolvency Law confers a privileged character to those credit rights due and unpaid before the adjudication of the bankruptcy, in the sense that they will rank senior with respect to the proceeds arising from the execution of the underlying asset. The instalments that become due after the adjudication of the bankruptcy will be considered as credits against the insolvency estate.

Bankruptcy Remoteness: Under the Spanish Securitisation Law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Law. Only the management company, acting in the best interest of the noteholders, can decide to liquidate the *Fondo*.

Interest Rate Mismatch: 4.1% of the portfolio corresponds to fixed-rate loans and 95.9% to floating-rate loans, whereas the notes will be floating liabilities. As a result the *Fondo* will be subject to, on the one hand, base rate mismatch risk on the floating portion of the portfolio (i.e. the risk that the reference rate used to compute the interest amount payable on the notes will differ from the interest rate payable on the underlying SME loans; and on the other hand, fix-floating risk (i.e. the risk that the reference rate of the notes will differ from the interest rates payable on this portion of the portfolio).

Mitigant: The *Fondo* will enter into a swap agreement with Sabadell to mitigate these risks and to obtain a minimum level of excess spread guaranteed by the swap. Under the swap agreement:

- The Fondo will pay the ordinary interest accrued from non-written-off loans since the last payment date plus the yield from the amortisation account.
- Sabadell will pay the weighted average interest rate on the notes for each period plus 25 bppa over a notional equal to the outstanding amount of the notes plus the servicing fees if Banco Sabadell is substituted as servicer.

The swap documentation complies with Moody's swap criteria.

Cash Commingling: All the payments received from the securitised loans are made through direct debit and deposited into an account in the name of the servicer. Those amounts are swept to the Treasury account every month. As a result, in the event of insolvency of Banco Sabadell and until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by the servicer and may be commingled with other funds belonging to Banco Sabadell.

Mitigants:

- If the short-term rating of the treasury account provider falls below P-1, the management company will within 30 business days:
  - Find a suitably rated guarantor or substitute; or
  - Collateralise the payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes;
- If Banco Sabadell's short-term rating falls below **P-1**, the servicer will either transfer the borrower payments within a maximum period of one day or fund a commingling reserve. This reserve will be equal to the highest future scheduled monthly amount of principal and interest collections, at the time of the downgrade, assuming a 0% delinquency rate and 10% prepayment rate. This reserve will be part of the available funds if the servicer does not transfer received collections to the *Fondo* (draw down amounts will be equal to the amount of collections received and not transferred by Banco Sabadell).
- If Banco Sabadell's long-term rating falls below **Baa3**, the servicer will either create a commingling reserve (if daily sweeping was the alternative chosen at loss of P-

1) or increase the size of the commingling reserve by an amount equal to an estimated month of collections (also calculated as indicated above).

- In the event of insolvency, an administration order enforced by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable, the management company may demand that the servicer notifies obligors of the portfolio's transfer to the *Fondo* and advises obligors that payments on their loans will only be effective as a discharge if made into the treasury account in the name of the issuer. The management company also has the ability to carry out the notification.

Set off: 100% of obligors have accounts with the seller.

Mitigant: Set off is very limited because only unpaid instalments prior to the declaration of insolvency might be offset against the deposits held by the debtors (such instalments must be considered as fully due and payable prior to the insolvency).

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	30 April 2009

Originator Background:

Rating:	A2/P-1/C-; Negative outlook
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	Institutional investors: 43.3%; Retail shareholders: 56.7%
Asset Size:	€80.91 billion (as of March 2009)
% of Total Book Securitised:	Not available
Transaction as % of Total Book:	0.76% (as of March 2009)
% of Transaction Retained:	100%

Originator Related Triggers

Key Servicer Termination Events:	Insolvency, an administration order enforced by the Bank of Spain, breach of servicer's obligations, or servicer's financial condition being detrimental to the Fund or noteholders' interests (always at discretion of the management company)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	Servicer's loss of Baa3 rating
Key Cash Manager Termination Events:	Insolvency
Notification of Obligors of True Sale	Insolvency, an administration order enforced by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at discretion of the management company)
Conversion to Daily Sweep	N/A
Notification of Redirection of Payments to *Fondo*'s Account	Insolvency, an administration order enforced by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at discretion of the management company)
Accumulation of Set Off Reserve	N/A

Receivable Administration:

Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	Spread over the month

Cash Manager:

Cash Manager and Its Rating:	GestiCaixa **(Not Rated)**
Main Responsibilities:	Obligation to make payments according to waterfall
	Preparation of fund reports
Calculation Timeline:	Determination date
Back-up Cash Manager and Its Rating:	None
Main Responsibilities of Back-up Cash Manager:	N/A

Chart 3:
Portfolio Breakdown by Year of Origination

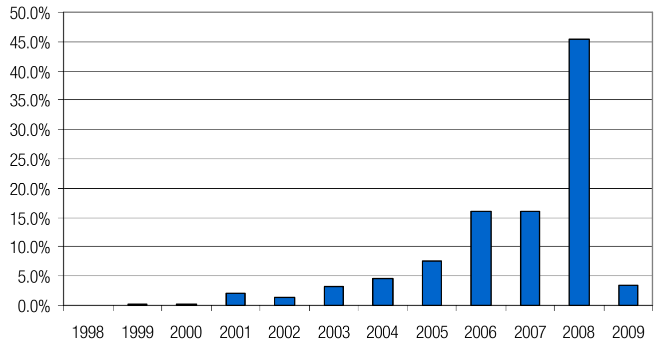


Chart 4:
Portfolio Breakdown by Year of Maturity

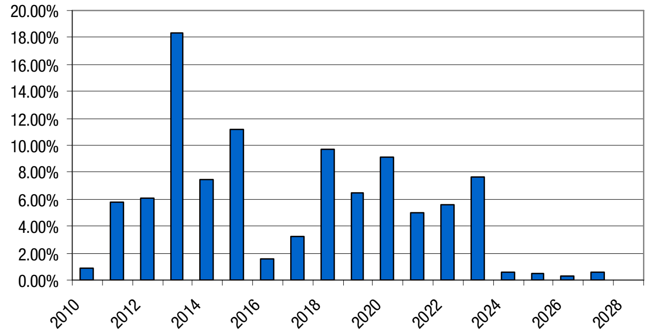


Chart 5:
Portfolio Breakdown by Industry Diversification

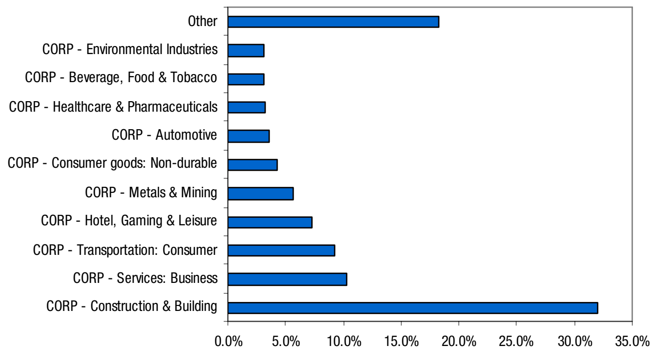
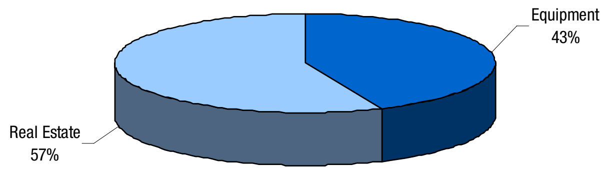


Chart 6:
Portfolio Breakdown by Asset Type



Audits: Performed by Ernst & Young S.L., in compliance with the Spanish regulatory framework.

Product Description: The portfolio consists of credit rights (interest and principal, excluding the purchase option and the taxes) derived from financial lease contracts granted by Banco Sabadell to Spanish enterprises and self-employed individuals. The tenor of the products varies (from 1 year to 20 years) depending on the type of leased asset, and the portfolio securitised includes fixed- and floating-rate loans. Almost all the loans are standard amortising loans (French amortisation).

Eligibility Criteria:

The key eligibility criteria are as follows:

- Lease contracts granted to enterprises and self-employed individuals domiciled in Spain. All the debtors have an internal rating and it is above 1.
- No lease contracts granted to the public sector
- No lease contracts granted to companies belonging to the originator's financial group or employees of the group
- Fully drawn down contracts originated between 1998 and March 2009
- 100% direct debit
- No contracts in arrears
- No refinancing lease contracts

Additional Information on Borrowers:

Top Debtor Concentration:	1.85%
Top 5 Debtors:	8.2%
Top 10 Debtors:	14.1%
Top 25 Debtors:	25.1%
Industry Concentration*:	Construction & Building 31.9% Services: Business 10.3% Transportation: Consumer 9.2% Hotel, Gaming & Leisure 7.3%
Geographic Diversity:	Catalonia 50.2%; Madrid 21.9% Valencia 6.6%

* According to Moody's industry classification

Additional Information on Portfolio:

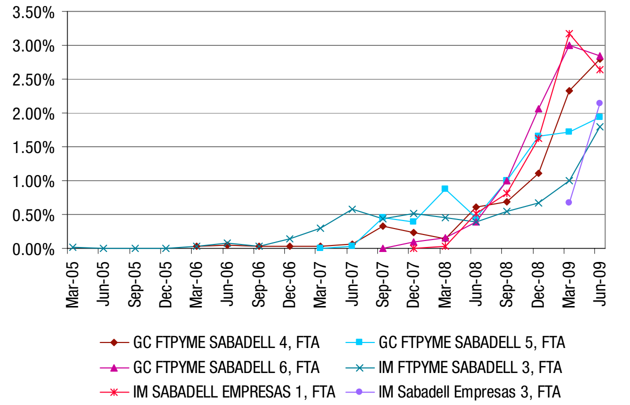
Number of Contracts:	4,294
Type of Contracts:	Lease
Contract Amortisation Style:	99.65% French and 0.35% Constant
% Large Corporates:	9.8% (annual turnover > €30 million)
% Bullet Loans:	0.0%
% Real Estate Developers*:	6.07%
WA Interest Rate:	4.26%
WA Internal Rating:	5.04
LTV:	57.1% for the Real Estate properties
Type of assets:	Equipment: 43.3%; Real Estate: 56.7%
Real Estate assets:	Commercial Use: 22.5%; Industrial Use 30.4%; Professional Use 3.8%

**No contracts granted to Real Estate Developers for the construction of properties and syndicated loans*

Credit Analysis

Precedent Transactions' Performance: This transaction it is the first leasing deal from Banco Sabadell to be analysed by Moody's. However, Moody's has rated several SME deals from this originator. See Chart 7 below for information on its performance.

Chart 7:
Delinquencies 90 + in Banco Sabadell SME transactions



Default Definition: The definition of a defaulted asset in this transaction is one with any amount due but unpaid for more than 12 months or one written off according to management's discretion.

Data Quantity and Content: Moody's has received data from 1997 to 2008 reflecting gross defaults and recoveries. Additionally, internal rating and LGD data has been provided. In Moody's view, the quantity and quality of data received is better than average compared to transactions which have achieved high investment grade ratings in this sector.

Assumptions Note that other values within a range of the stated figures listed below may result in achieving the same ratings.

Note assumptions & actual amount

CPR	3%
Distribution	Monte Carlo distribution from CDOROM
Default rate:	12.5%
Stdev/mean:	55%
Timing of default:	Flat over 4.5 years (with 12 months lag)
Recoveries:	40% fix
Recovery lag:	5% during the first year, 50% during the second year and 45% during the third year
Correlation Default/ Recoveries	None
Amortisation profile:	Actual pool amortisation
Fees:	0.5%
Fees floor:	€ 25,000
Euribor:	4%
PDL definition	12 months
Write-off:	12 months

Derivation of default rate assumption: Moody's analysed historical performance data and internal ratings as well as other sources of information (for instance, macroeconomic data) to determine the default assumption. It should be noted that historical data provided by Banco Sabadell does not capture an entire stressed economic cycle given that the last economic crisis was in the early 1990s and vintages prior to 2007 reflect positive economic conditions. New vintages show higher default rates, reflecting a deterioration of the performance under the current stressed economic conditions. However, those vintages are still too young to allow a meaningful extrapolation analysis.

As a result, Moody's has complemented historical data analysis with a top-down approach[i], as detailed below. Moody's split the portfolio into three sub-pools based on the economic sector where the debtor was active: (1) Construction and Building; (2) Real Estate Developers; and (3) all other industries. Moody's rating proxies assumed are shown in the table below

Borrower's main sector of activity	Rating proxy
Construction & Building	B1
Real Estate Developer	B3
Other industries	Ba3

Please note that the above-mentioned assumptions include adjustments that take into account the current macro-economic environment (generally in the range of 1-2 notches) as well as the originator underwriting ability.

Moody's further adjusted the assumptions presented in the table above to account for the size of the companies (one notch up for large corporate and one a notch down micro-SMEs). Moreover, Moody's also adjusted the probability of default (PD) assumptions according to the loan characteristics (for instance, for loans with a grace period an additional 10% PD stress was applied).

The standard deviation of the default distribution was determined splitting the portfolio into 35 sectors of activity and assuming a fixed pair-wise correlation parameter (where the inter-industry correlation was stressed to 6%).

The charts below show the default and recovery data provided by Banco Sabadell (from on a sample with similar characteristics than the portfolio being securitised).

Chart 8:
Vintage Cumulative Default Curves

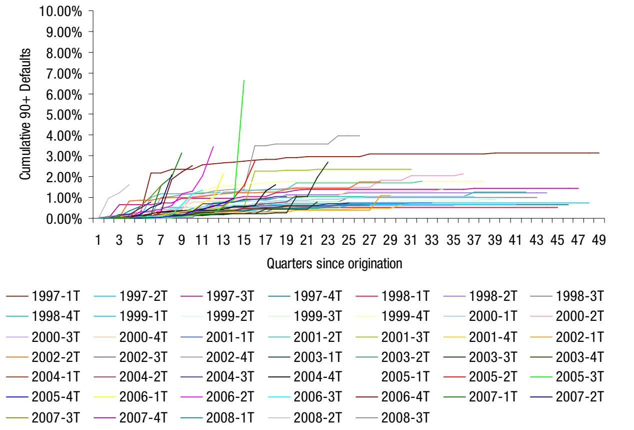
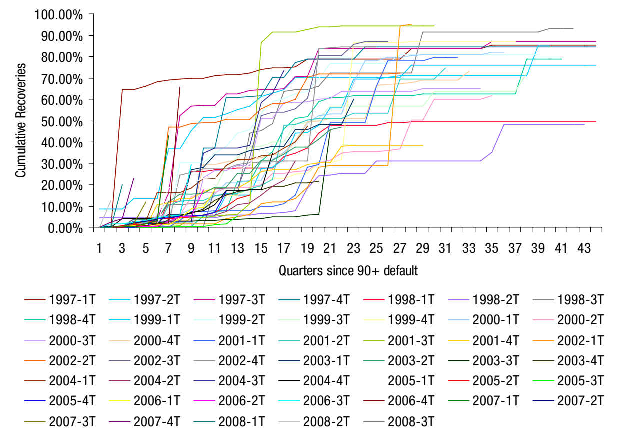
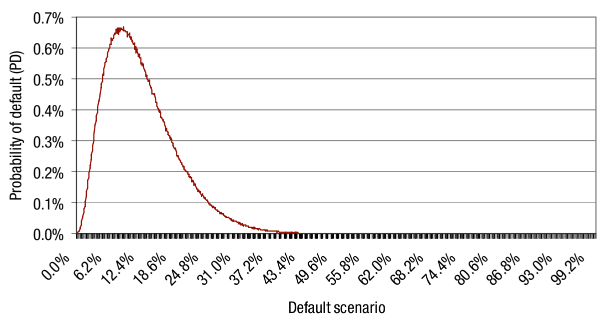


Chart 9:
Vintage Recovery Rates



Timing of defaults: Moody's tested several timing of default curves to assess the robustness of the ratings. In the base-case scenario, the timing of defaults curve assumed is flat over 4.5 years (with a 12-month lag)

Chart 10:
Default distribution



Derivation of Recovery Rate Assumption*:* Moody's considers that the recovery data was compiled during favourable economic cycles; therefore, observed data might overestimate recovery rates during a stressed economic environment. Assumptions for recoveries were made on the basis of (i) historical information and LGD data received for this deal; (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other qualitative and pool-derived aspects. Regarding the last point, Moody's estimated the recovery rate on the portion of the portfolio secured by Real Estate properties based on property valuation data, applying conservative haircuts to take into account house price deflation and associated costs to the recovery process.

Modelling Approach: Given the number of assets and the size of the largest exposures in the portfolio, Moody's decided to derive the gross default distribution curve through a two-factor Monte-Carlo approach, rather than assuming that it follows a given general density law.

Two basic parameters needed to be assessed as main inputs for the model as follows:

– The default probability contribution of each single entity, and

– The correlation structure among the different industries represented in the portfolio

Moody's tested the credit enhancement levels by using a cash flow model, which has been adjusted to take into account a number of structural features.

Moody's considered how the cash flows generated by the collateral were allocated to the parties within the transaction, and the extent to which various structural features of the transaction might themselves provide additional protection to investors, or act as a source of risk. In addition, Moody's analysed the strength of triggers to reduce the exposure of the portfolio to originator or servicer bankruptcy.

To determine the rating assigned to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes times the severity of the loss expected for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cashflow model that reproduced many deal-specific characteristics: the main input parameters of the model have been described above. Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss level for each series of notes as well as the expected average life. Moody's then compared the quantitative values to the Moody's Idealised Expected Loss table to determine the ratings assigned to each series of notes.

Treatment of Concerns:

– **Concentrated portfolio:** The definitive portfolio's effective number is 255. This feature has been taken into account in Moody's quantitative analysis when generating the default distribution curve.

– **Exposure to real estate:** Approximately 31.9% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification). Moody's assumed a higher default probability for Real Estate Developers (rating proxy equal to B3) and for obligors operating in the Real Estate industry (rating proxy equal to B1), as opposed to for all other obligors (Ba3).

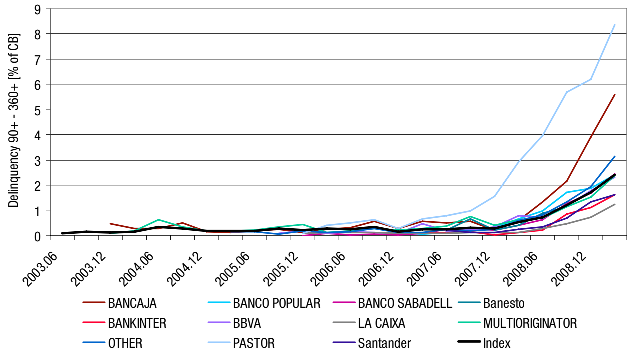
– **Regional Concentration:** strong concentration in Catalonia region 50.2% of the portfolio, mitigated in part because this is the region of Banco Sabadell's origin, where it has its stronger expertise. This feature has been taken into account stressing the inter-industry correlation up to 6%. Additionally the ratings sensitivity has been tested for higher correlation values.

Benchmark Analysis

Performance Relative to Sector: In Moody's view, the present transaction's historical performance data provided on gross defaults compares slightly positively to other recent transaction in the leasing sector.

Just as an additional point of reference, due to the reduce number of recent leasing deals in the market with which to produce an equivalent chart, we show in Chart 11 the outstanding proportion of delinquencies in Moody's rated Spanish SME transactions grouped by originator. Please note that performance shown is affected by several factors, such as the age of the transaction, the pool specific characteristics, the presence of a revolving period, etc. Performance of Banco Sabadell's transactions is better than the average.

Chart 11:
Spanish SME 90-360 Days Delinquency Trend (by Originator)



Source: Moody's Investors Service, periodic investor reports

Benchmark Table

Deal name	BBVA Empresas 2, FTA (SME deal)	Foncaixa Empresas 1, FTA (SME deal)	IM Empresas Pastor 7, FTA (SME/Leasing deal)	GC Sabadell Empresas 4, FTA (Leasing deal)
Country	Spain	Spain	Spain	Spain
Other countries	No	No	No	No
Closing date	March 2009	March 2009	April 2009	June 2009
Originator	BBVA	Caja de Ahorros y Pensiones de Barcelona (La Caixa)	Banco Pastor	Banco Sabadell
Originator's rating	Aa1/P-1; on review for possible downgrade	Aa1/P-1; on review for possible downgrade	A2/P-1; Negative Outlook	A2/P-1; Negative Outlook
% Fully amortising	90.80%	80.90%	91.44%	100.00%
% In grace period	9.2%	14.00%	8.00%	6.08%
% Bullet Loans	0.00%	4.10%	8.56%	0.00%
% Revolving Credit Facilities	No	No	No	No
Top region %	24.50%	26.00%	25.00%	50.20%
Top industry %	23.70%	28.00%	48.00%	31.90%
Industry	Construction & Building	Construction & Building	Construction & Building	Construction & Building
WAL	3.5	4.4	3.7	4.4
Amount in arrears > 30 days total	0% at closing	0% at closing	0% at closing	0% at closing
Spread guaranteed by the Swap	0.50%	0.75%	0.25% over notes balance	0.25% over notes balance
Mean	12%	13%	28.5%	12.5%
CoV	50%	45%	38.5%	55%
RR Mean	45%	58%	35%	40%
RR Stdev	20%	20%	Fix recovery rate	Fix recovery rate
Correlation Default - Severities	10%	10%	NA	NA
Correlation Severities - Severities	10%	10%	NA	NA
LGD	6.6%	5.4%	18.5%	7.5%
Equivalent credit quality of total portfolio	B1	B1+	Caa1+	Ba3-

Parameter Sensitivities[ii]

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed 9 scenarios derived from the combination of Portfolio Weighted Average Rating (and the corresponding mean DP over the weighted average life of the pool): Ba3/B1 (base case), B1 (base – ½ notch) and B1/B2 (base – 1 notch) and Recovery Rate: 40% (base case), 35% (base – 5%) and 30% (base – 10%). The Ba3/B1 - 40% scenario would represent the base case assumptions used in the initial rating process.

The charts below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches*.

		Recovery Rate		
	Portfolio WA Rating Assumption	**40%**	**35%**	**30%**
	Ba3/B1 (12.5%)	**Aaa***	Aa1 (1)	Aa3 (3)
CLASS A	B1 (14.3%)	Aa2 (2)	Aa3 (3)	A1 (4)
	B1/B2 (16.2%)	Aa3 (3)	A1 (4)	A2 (5)

		Recovery Rate		
	Portfolio WA Rating Assumption	**40%**	**35%**	**30%**
	Ba3/B1 (12.5%)	**A3***	A3 (0)	Baa1 (1)
CLASS B	B1 (14.3%)	Baa1 (1)	Baa2 (2)	Baa3 (3)
	B1/B2 (16.2%)	Baa2 (2)	Baa3 (3)	Ba1 (4)

		Recovery Rate		
	Portfolio WA Rating Assumption	**40%**	**35%**	**30%**
	Ba3/B1 (12.5%)	**Ba2***	Ba3 (1)	Ba3 (1)
CLASS C	B1 (14.3%)	Ba3 (1)	B1 (2)	B1 (2)
	B1/B2 (16.2%)	B2 (3)	B3 (4)	Caa1 (5)

** Results under base case assumptions indicated by asterix ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.*

Worse case scenarios: At the time the rating was assigned, the model output indicated that Class A would have achieved a "Aa range" rating even if the cumulative mean DP was as high as 14.3% and even assuming a recovery rate as low as 35%, whilst the Class B and Class C would have been Baa2 and B1, respectively, in the same scenario.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: Banco Sabadell will act as servicer (a back-up servicer will be appointed if Banco Sabadell is downgraded below Baa3), interest rate swap counterparty, issuer account bank, and paying agent.

Significant Influences: In addition to the counterparty issues, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the recovery lag and stress that was modelled.

Counterparty Rating Triggers	Condition	Remedies
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	
Issuer Account Bank	Loss of P-1	Replace
Servicer	Loss of Baa3	Appointment of back up servicer

** See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance CashflowTransactions Moody's Methodology, 15 May 2006*

Monitoring Report: Moody's has reviewed the standard monitoring report (available at the management company website for previous similar deals) and would like to receive the following important data in addition to the information reflected on the report:

- All the transaction's triggers details
- The cumulative 90 days "defaults" (as obtained for the rating process of the deal)
- The amount of gross excess spread before write offs
- The Principal Deficiency Ledger (PDL) size
- Information of the properties acquired by the Fondo, if any
- Pool-cuts on a quarterly basis

Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Methodology Used:

- Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA", March 2009 (SF141058)
- Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
- Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)
- Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions Moody's Methodology, May 2006 (SF73248)

Issuer Profile

- Banco Sabadell, S.A., Jan 2009

Credit Opinion

- Banco Sabadell, S.A., Jun 2009

Performance Overview

- IM Sabadell Empresas 1, Fondo de Titulización de Activos, June 2009 (SF171835)
- IM Sabadell Empresas 3, Fondo de Titulizacion de Activos, June 2009 (SF171839)

Pre-Sale Report

- IM Sabadell Empresas 1, Fondo de Titulización de Activos, Oct 2007 (SF112953)
- IM Sabadell Empresas 3, Fondo de Titulizacion de Activos, Dec 2008 (SF151545)

New Issue Report

- BANKINTER LEASING 1, Fondo de Titulización de Activos, Jan 2009 (SF154737)
- IM EMPRESAS PASTOR 7, Fondo de Titulización de Activos, May 2009 (SF166043)

Special Report

- Moody's Spanish SME Loan-Backed Securities Index, April 2004 (SF35231)
- Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)
- Moody's Approach to Rating ith-to-Default Basket Credit-Linked Notes", April 2002 (SF13090)
- Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)
- Cash Commingling Risk in EMEA ABS and RMBS Transactions: Moody's Approach, November 2006 (SF85241)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Originator's Underwriting and Collection Practices

Originator Ability:	*Sabadell is Spain's fourth-largest banking group (excluding savings banks). It has a multi-regional coverage with a strong presence in its home region of Catalonia and a strong franchise in the SME segment, in which the bank has a leading presence nationally.*
Sales and Marketing Practices:	– *Number of employees: Not made available* – *Origination channels: 100% branch (%)* – *Incentive based compensation: Yes*
Underwriting Policies and Procedures:	– *Automatic underwriting: The underwriting process is well supported by different IT systems. Approval is never fully automatic.* – *% Approval rate: Not made available* – *% loans manually underwritten: 0%* – *% of loans underwritten at branch level (as opposed to central office): The decision is established at different levels according to the established expected loss and the amount. This implies a higher efficiency of the process, which allows that the business risk transactions (SME and companies) approved at branch level represents about 35% of the total, while the % of expected loss and the amount granted over the total transactions does not exceed 0.05% and 0.10% respectively.* – *% exceptions to underwriting policy: Not made available* – *Income and credit history verification: Yes, in all the cases.* – *Internal credit scoring and use of external bureaus: Banco Sabadell counts with excellent credit scoring and rating systems and several of them have already been certified by the Bank of Spain. At origination several external bureaus are checked: CIRBE (Bank of Spain's credit registry), RAI, ASNEF, etc.*
Collateral Valuation Policies and Procedures:	– *Advance rate against purchase price: Yes* – *Valuation process: Done in compliance with market standards and legal requirements. In Spain the quality of valuations is standardised by the Bank of Spain who certifies the valuators.*
Closing Policies and Procedures:	– *Reconciliation of data on system and origination files: The customers' financial information, that is used in the Rating decision models and other risk management applications (granting and monitoring process), is the official balance sheets and audits (for audited firms). Additionally, Banco Sabadell has an automatic balance sheet loading system from the Trade Registry, avoiding having to ask the customers for the balance sheets. Regarding grants or property tests, they are ordered through an external company, which deals directly with the Land Registry. Regarding other kind of information (like sales revenues and costs of Real Estate development), the information provided by the customer is compared with the appraisal amount, and the smallest amount is used.*
Credit Risk Management:	– *Strategic target market and product type: Sabadell is particularly strong in the medium-sized corporate segment, especially those enterprises with annual sales of between €3 million and €100 million, which accounted for 39.7% of the loan book as of June 2008. Small enterprises, with annual sales below €3 million, accounted for 27.5% of the loan book. Loans to individuals accounted for around 19.8% of the loan portfolio and large corporates for 8.2%, while the remaining 4.8% comprise public sector loans and others. Retail and commercial banking together accounted for almost 95% of pre-tax income for H1 2008.*
Originator Stability:	
Quality Controls and Audits:	– *Frequency of external and internal audits, particularly underwriting practices to policy and collection practices: Periodical internal audits are performed* – *Fraud prevention process: Banco Sabadell has a fraud prevention process established. Details can be found on www.bancsabadell.com (Money Laundering Prevention (The Group > Regulatory Compliance > Money Laundering Prevention) and the USA Patriot Act (The Group > Regulatory Compliance > USA Patriot Act))*
Regulated by:	
Management Strength and Staff Quality	– *Average tenure with company: The average age of employees is 41.8 years and the average length of service is 17.6 years (data as of December 2008).* – *Average Turnover of underwriting staff and length of tenor for head of credit risk management: Not made available* – *Compensation structure i.e. incentive for receivables growth: Not made available*
Arrears Management:	
Number of Receivables per Collector:	*Not made available*
Staff Description:	– *Average tenure with company: Not made available* – *Turnover: Not made available* – *Compensation structure i.e. incentive for collections achieved: Not made available*
Early Stage Arrears Practices:	– *Automated dial centre? Yes* – *Several letters sent and calls made during the first 90 days.*

Late Stage Arrears Practices:	– *When passed to litigation team? Around 100 days* – *Involvement of external collectors or law firms: Yes, although many lawyers participating in the process are employees of Banco Sabadell* – *Sales of past due accounts: In line with market practises*
Average Time to Repossess:	
Loan Modifications:	– *What constitutes a loan modification?* Any modification of the initial loan contract conditions such the maturity date, margin, etc. – *Who can loan modifications be offered to?* Anybody if Banco Sabadell considers that, with the corresponding modification, the debtor will be able to continue meeting its payments. Additional guarantees might be requested. – *Approval process for modifications? Yes* – *Income verification as part of modification? Yes* – *Performance of modified loans: Not made available*

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[i] For more details, please see "Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA", March 2009.

[ii] Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary. For more information on V Score and Parameter sensitivity methodology for ABS, please refer 'V Scores and Parameter Sensitivities in the EMEA Small-to-Medium Enterprise ABS Sector' published in June 2009.

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