

## NEW ISSUE REPORT

## FONCAIXA LEASINGS 1, FTA

ABS / SME Loans / Spain

## Closing Date

10 June 2011

## Table of Contents

DEFINITIVE RATINGS	1
ASSET SUMMARY	1
LIABILITIES, CREDIT ENHANCEMENT AND LIQUIDITY	2
COUNTERPARTIES	2
MOODY'S VIEW	3
COMPOSITE V SCORE	5
STRENGTHS AND CONCERNS	6
STRUCTURE, LEGAL ASPECTS AND ASSOCIATED RISKS	7
ORIGINATOR PROFILE, SERVICER PROFILE AND OPERATING RISKS	9
COLLATERAL DESCRIPTION	11
CREDIT ANALYSIS	12
BENCHMARKING ANALYSIS	14
PARAMETER SENSITIVITIES	17
MONITORING	17
RELATED RESEARCH	18
APPENDIX 1: ORIGINATOR'S UNDERWRITING AND COLLECTION PRACTICES	19

## Analyst Contacts

Luis Mozos  
Vice President – Senior Analyst  
34.91.768.8228  
Luis.Mozos@moodys.com

Thorsten Klotz  
Managing Director  
49.69.70730.734  
Thorsten.Klotz@moodys.com

» contacts continued on the last page

## ADDITIONAL CONTACTS:

Client Services Desks:  
London: 44.20.7772.5454  
clientservices.emea@moodys.com  
Monitoring: Monitor.abs@moodys.com  
Website: www.moodys.com

## Definitive Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordination	Reserve fund	Total Credit Enhancement**
A1	Aaa (sf)	470.0	33.10%	June 2033	3mEur +0.80%	14.97%*	14.9%	29.87%
A2	Aaa (sf)	737.5	51.94%	June 2033	3mEur +1.00%	14.97%*	14.9%	29.87%
B	B1 (sf)	106.2	7.48%	June 2033	3mEur +1.25%	7.49%	14.9%	22.39%
C	B3 (sf)	106.3	7.49%	June 2033	3mEur +1.75%	0.0%	14.9%	14.9%
Total		€ 1,420						

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 rated 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.

\* Moody's does not consider time subordination when calculating the CE, although it provides an economic advantage to the investors. Tranches are time subordinated if they are redeemed sequentially, as long as performance triggers are satisfied. While under favorable conditions time subordinated tranches will repay sequentially, with some tranches being repaid quicker than the others, unfavorable scenarios will result in breaches of the performance triggers which will lead to pro-rata repayment of previously sequentially paying tranches which will then benefit from the same protection level in terms of CE

\*\* No benefit attributed to excess spread.

V Score for the sector (*Spanish SME*): *Medium/High*

V Score for the subject transaction: *Medium/High*

FONCAIXA LEASINGS1 1 is a cash securitisation of leasing contracts (interest and principal, excluding the purchase option and VAT) extended mainly to self-employed individuals, micro, small and medium enterprises (SME) and corporate entities. All the obligors are located in Spain and it is a static portfolio. The portfolio consists of credit rights derived from financial lease contracts and it is the first securitization of this kind carried out by Caixabank.

## Asset Summary (Cut off date as of June 2011)

Seller(s)/Originator(s):	Caixabank, S.A. (Aa2/P-1/B-, negative outlook). Please see press release "Moody's takes rating actions on La Caixa and CaixaBank (former Criteria) following transfer of banking activities" dated 1 July 2011.
Servicer(s):	Caixabank (Aa2/P-1/B-, negative outlook)
Receivables:	Credit rights (interest and principal, excluding the purchase option and VAT) derived from financial lease contracts granted to Spanish enterprises and self-employed individuals.
Methodology Used:	» <a href="#">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)</a> » <a href="#">Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)</a>
Model Used:	ABSROM
Total Amount:	€1,420 million

## Asset Summary (Continued)

Length of Revolving Period:	Static
Number of Loans:	34,988
Number of Borrowers:	24,011
Effective Number:	310
WA Remaining Term:	7.1 years
WA Seasoning:	3.4 years
WAL Years:	4.1 years
Interest Basis:	3.19%
WA Current LTV :	Not applicable (Leasing contracts)
Delinquency Status:	No loans more than 30 day in arrears included in the final portfolio. From 0-30 days: 0.09%

## Liabilities, Credit Enhancement and Liquidity

Excess Spread Range:	0.75% guaranteed by the swap agreement
Credit Enhancement/Reserves:	0.75% excess spread 14.9% reserve fund Subordination of the notes
Form of Liquidity:	Cash reserve and principal to pay interest
Number of Interest Payments Covered by Liquidity:	
% of Reserve Fund Dedicated to Liquidity:	None. Cash reserve does not have a liquidity ledger
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	18 Months of lock up period (since closing) Rest of series: Pass-through on each payment date.
Payment Dates:	20 March, June, September, December First payment date: 20 September 2011
Hedging Arrangements:	Interest rate swap covering the interest rate risk

## Counterparties

Issuer:	FONCAIXA LEASINGS 1, FTA
Sellers/Originators:	Caixabank (Aa2/P-1/B-, negative outlook)
Servicer:	Caixabank (Aa2/P-1/B-, negative outlook)
Back-up Servicer:	None
Back-up Servicer Facilitator:	None
Cash Manager:	GestiCaixa S.G.F.T; S.A
Back-up Cash Manager:	None
Interest Rate Swap Counterparty:	Caixabank (Aa2/P-1/B-, negative outlook)
F/X Swap Counterparty:	Not applicable
Basis Counterparty:	Not applicable
Issuer Account Bank:	Caixabank (Aa2/P-1/B-, negative outlook)
Collection Account Bank:	Caixabank (Aa2/P-1/B-, negative outlook)
Paying Agent:	Caixabank (Aa2/P-1/B-, negative outlook)
Note Trustee (Management Company):	GestiCaixa S.G.F.T; S.A (N.R)
Issuer Administrator:	GestiCaixa S.G.F.T; S.A (N.R)
Arranger:	Caixabank (Aa2/P-1/B-, negative outlook)
Lead Managers:	Caixabank (Aa2/P-1/B-, negative outlook) GestiCaixa S.G.F.T; S.A
Other Parties:	N/A

## Moody's View

<b>Outlook for the Sector:</b>	Negative
<b>Unique Feature:</b>	Asset type and structure previously seen in the market.
<b>Degree of Linkage to Originator:</b>	Caixabank will act as servicer (a back-up servicer will be appointed if Caixabank is downgraded below Baa3), interest rate swap counterparty, issuer account bank (replacement eligible entity or a eligible guarantor will need to be found if Caixabank is downgraded below P-1) and paying agent (replacement eligible entity or a eligible guarantor will need to be found if Caixabank is downgraded below P-1).
<b>Originator's Securitisation History:</b>	
# of Precedent Transactions in Sector:	Eleven precedent SME transactions originated by Caixabank. First leasing deal.
% of Book Securitised:	Not made available
Behaviour of Precedent Transactions:	The performance of previous SME deals originated by Caixabank is better than the market average.
Key Differences between Subject and Precedent Transactions:	None
<b>Portfolio Relative Performance:</b>	
Default Rate Assumed/Ranking:	Comparison on Default Rate can be found in "Benchmark Analysis".
Coefficient of Variation Assumed on Default Rate/Ranking:	Comparison on CoV can be found in "Benchmark Analysis".
Recovery Rate Assumed/Ranking:	Comparison on RR can be found in "Benchmark Analysis".
Delinquencies Observed in Portfolio:	Lower than peer group.
Comment	
<b>Potential Rating Sensitivity:</b>	
Chart Interpretation:	If the assumed default probability of 11.6% used in determining the initial rating was changed to 14.6% and the recovery rate of 47% was changed to 37%, the model-indicated rating for the series A1 and C notes would not change, while the series A2 model indicated rating would change to Aa3 from Aaa and the series B model indicated rating would change to B3 from B1.
Factors Which Could Lead to a Downgrade:	In addition to the counterparty linkage, 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 modeled) and regulatory changes either at national or regional level.

TABLE 1

## Series A1

		Recovery Rate		
		47%	42%	37%
Portfolio WA PD Assumption	11.6%	Aaa*	Aaa (0)	Aaa (0)
	13.1%	Aaa (0)	Aaa (0)	Aaa (0)
	14.6%	Aaa (0)	Aaa (0)	Aaa (0)

TABLE 2

## Series A2

		Recovery Rate		
		47%	42%	37%
Portfolio WA PD Assumption	11.6%	Aaa*	Aaa (0)	Aa1 (1)
	13.1%	Aa1 (1)	Aa1 (1)	Aa1 (1)
	14.6%	Aa1 (1)	Aa2 (2)	Aa3 (3)

TABLE 3

## Series B

		Recovery Rate		
		47%	42%	37%
Portfolio WA PD Assumption	11.6%	B1*	B1(0)	B1 (1)
	13.1%	B2 (1)	B2 (1)	B2 (1)
	14.6%	B3 (2)	B3 (2)	B3 (2)

TABLE 4

## Series C

		Recovery Rate		
		47%	42%	37%
Portfolio WA PD Assumption	11.6%	B3*	B3 (0)	B3 (0)
	13.1%	B3 (0)	B3 (0)	B3 (0)
	14.6%	B3 (0)	B3 (0)	B3 (0)

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.

## Composite V Score

Breakdown of the V Scores Assigned to		Sector	Trans-action	Remarks
Composite Score: Low (L), Low/Medium (L/M), Medium (M), Medium/High (M/H), or High (H)		M/H	M/H	
<b>1</b>	<b>Sector Historical Data Adequacy and Performance Variability</b>	<b>M/H</b>	<b>M/H</b>	
1.1	Quality of Historical Data for the Sector	M/H	M/H	
1.2	Sector's Historical Performance Variability	M/H	M/H	
1.3	Sector's Historical Downgrade Rate	M/H	M/H	
<b>2</b>	<b>Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure</b>	<b>M/H</b>	<b>M/H</b>	
2.1	Quality of Historical Data for the Issuer/Sponsor/Originator	M/H	M/H	<ul style="list-style-type: none"> <li>» Same as sector score.</li> <li>» Internal ratings and scoring with the corresponding probability of default (PD) and loss given default (LGD) info has been provided on a line by line basis.</li> <li>» Opposite to other recent deals by Caixabank, cumulative historical information has been made available (default and recovery data)</li> <li>» First leasing deal issued by Caixabank, so product specific monitoring information not available.</li> </ul>
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M/H	M	<ul style="list-style-type: none"> <li>» Caixabank has the lowest default rate among Spanish originators. In addition, the current crisis has impacted Caixabank less than its peers.</li> </ul>
2.3	Disclosure of Securitization Collateral Pool Characteristics	L/M	L	<ul style="list-style-type: none"> <li>» Detailed loan-by-loan data on an extensive list of fields has been provided for the analysis of the transaction.</li> <li>» Information on the internal rating system (certified by the Bank of Spain) of Caixabank has been provided line by line: scoring, DPs, LGD, risk segments.</li> </ul>
2.4	Disclosure of Securitization Performance	M	M	<ul style="list-style-type: none"> <li>» Same as sector score.</li> <li>» 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.</li> </ul>
<b>3</b>	<b>Complexity and Market Value Sensitivity</b>	<b>M</b>	<b>M</b>	» <b>Same as sector score.</b>
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.
<b>4</b>	<b>Governance</b>	<b>L/M</b>	<b>L/M</b>	
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 "loss 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, Regulatory, or Other Uncertainty	L/M	L/M	» Same as sector score.

## Strengths and Concerns

### Strengths:

- » **Seasoning:** Good seasoning of the portfolio (3.4 years).
- » **Performance of previous Caixabank deals:** Previous SME deals originated by Caixabank show a very strong performance, with delinquency levels below 1.4% (loans between 90-360 days in arrears over current outstanding balance). Cumulative defaults and 90+ days delinquency levels are among the lowest in the SME market.
- » **Hedging:** There is a strong swap agreement provided by Caixabank (Aa2/P-1, Negative outlook) guaranteeing an excess spread of 0.75%.
- » **Back-up servicing:** The originator will identify a back-up servicer if Caixabank is downgraded below **Baa3**. At this stage, the back-up servicer will enter into a back-up servicer agreement, who will only step in at the discretion of the management company
- » **Diversified Pool:** Compared to other transactions from this originator, the debtors are located all over Spain with no regional exposure more than 35%. Largest regions are Catalonia and Comunidad de Madrid with a weight in the definitive pool of 34.9% and 30.4%, respectively.
- » **Data provided:** Caixabank has provided a very good set of information for the analysis (including historical performance data and internal ratings)
- » **No bullets:** Due to the nature of the product, no bullet included.

### Concerns and Mitigants:

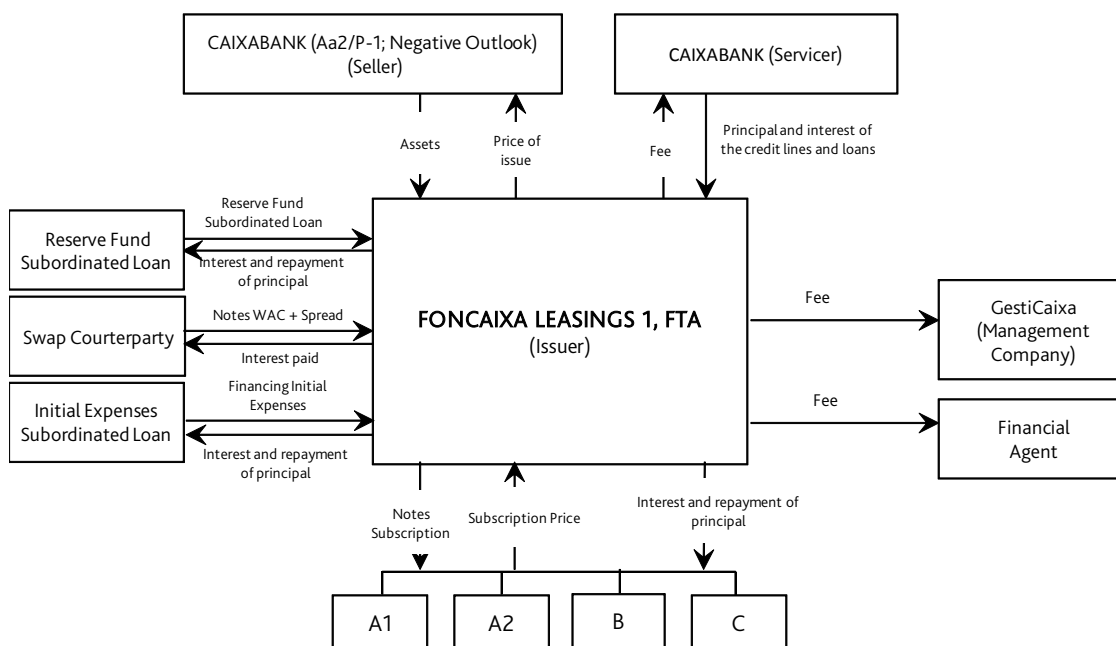
Moody's committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- » **Exposure to real estate:** 27.8% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification), and 8.6% correspond to loans granted to real estate developers. This feature has been taken into account in Moody's quantitative analysis as more fully explained in "Treatment of Concerns".
- » **Debtors:** Self-employed individuals have been included of the provisional pool (excluded in Foncaixa Empresas 1, 2 and 3). Segment with a very low DP according to Caixabank rating system.
- » **Granular pool:** not very granular pool (effective number of obligors = 310). Top two debtors over 2.5%.
- » **Historical Recovery data in non RE leasings:** Below the market average. Caixabank is currently introducing some improvements on this respect in its recovery process.
- » **Recovery and 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 the *SPV* for any amount due to the purchase option should the relevant lessee default. However, there are a legal uncertainty associated with recoveries on leased assets following potential bankruptcy of the originator. This has been taken into account in Moody's quantitative analysis, as further explained under "Treatment of Concerns."
- » **Commingling Risk:** The structure does not contemplate any commingling reserve if the servicer (Caixabank) is downgraded below **Baa3**. This risk is mitigated by the high rating of Caixabank (Aa2/P-1; Negative outlook).
- » **Pro-rata amortisation:** The pro-rata amortisation of Series B and C will lead to reduced credit enhancement of the senior series to them in absolute terms. This is partially mitigated by some triggers, which were envisioned to interrupt the pro-rata amortisation of the notes if the performance of the transaction deteriorates.
- » **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.

## Structure, Legal Aspects and Associated Risks

CHART 1

### 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, 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 A1 and A2 (pro-rata)
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
9. Junior costs

The notes will amortise sequentially, after an initial lock-up period of 18 months (i.e. on 20 December 2012 notes would start to be repaid, although before that day any principal (re)payment would be allocated according to the waterfall rules and be kept in the principal account).

When the notes have amortised to about half of their original outstanding balance, the amortisation will switch to pro-rata but could switch back to sequential, subject to certain triggers

described below. Additionally, Series A1 and A2 will start amortising pro-rata if the transaction performance deteriorates (see Performance Trigger table)

**Allocation of Payments/PDL mechanism:** A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and the target principal amount. The target principal amount is the difference between the notes' outstanding principal (taking into account any amount withdrawn from the guarantee for principal payments) and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 12 months, classified as such by the originator or written off according to management's discretion.

The "artificial write-off" mechanism speeds up the amortisation of non-performing loans (NPLs); thus, the amount of notes collateralised by NPLs is minimised, and, consequently, the negative carry. However, the most significant benefit for the transaction is that the amount of excess spread trapped in the structure is larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

**Performance Triggers:**

Trigger	Conditions	Remedies/Cure
Interest deferral	The cumulative non-performing level exceeds 12.0% and 8.0% for Series B and C, respectively.	Interest payments on Series B and/or C notes will be brought to a more junior position on the waterfall (until the series senior to them are fully redeemed) and will be paid after the principal repayment.
Termination of pro-rata amortisation of Class A (Series A1 and A2) and Series B and C	<ul style="list-style-type: none"> <li>» The arrears level (defined as the percentage of non-written off loans more than 90 days in arrears) exceeds 1.25% and 1.00% for Series B and C, respectively; or</li> <li>» The reserve fund is not funded at its required level on that payment date; or</li> <li>» The portfolio balance is less than 10% of the initial portfolio balance; or</li> <li>» Conditions to amortise pro-rata Series A1 and A2 are met.</li> </ul>	Switch back to sequential amortisation
Pro-rata amortisation of Series A1 and A2	The aggregated outstanding amount of Series A1 and A2 is equal to or greater than the outstanding amount of performing loans (including loans up to 90 days in arrears).	Series A1 and A2 will amortise pro-rata.
Termination of Reserve Fund Amortisation	<ul style="list-style-type: none"> <li>» The arrears level exceeds 1.0%; or</li> <li>» The reserve fund is not funded at its required level on the corresponding payment date; or</li> <li>» Less than two years have elapsed since closing.</li> </ul>	The target amount of the reserve fund will not be reduced on any payment date on which these occur

**Reserve Fund:** The reserve fund has been funded up front with a subordinated loan granted by the originator for an amount equal to 14.9% 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:

- » 14.9% of the initial balance of Series A1, A2, B and C notes

The higher of:

- » 29.8% of the outstanding balance of the Series A1, A2, B and C notes
- » 7.45% of the initial balance of the Series A1, A2, B and C notes

It will be used to cover potential shortfalls on interest or principal on an ongoing basis.

**Interest Deferral:** 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 conditions in the table above are met.

**Assets:****Asset transfer:**

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

**Bankruptcy Remoteness:** Under Spanish securitisation law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Act. Only the management company, acting in

the best interest of the noteholders, can decide to liquidate the *Fondo*.

**Claw-back risk upon default of the Originator:** Claw-back risk is limited to those activities performed during a period of two years prior to the declaration of the bankruptcy state, even in the absence of fraud. However, in no case the activities performed under the regular activity of the originator may be cancelled as the transfer of credit rights forms part of the normal activity of Caixabank.

**Interest Rate Mismatch:** 15.9% of the provisional portfolio corresponds to fixed-rate loans and the remaining 84.1% to floating-rate loans (mainly referenced to 12-month EURIBOR), whereas the notes will be floating liabilities (three-month EURIBOR). As a result, the *Fondo* will be subject to 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 fixed-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 Caixabank to mitigate these risks and obtain a minimum level of excess spread. Under the swap agreement:

- » The *Fondo* will pay the actual amount of interest received from the loans and the cash in the principal account since the previous payment date.
- » The swap counterparty will pay the weighted-average interest rate on the notes plus 75 bps, over a notional calculated as the outstanding amount of the non-written-off loans (daily average) net of the outstanding amount of the loans which are more than 90 days plus any amount deposited in the principal account during



the lockup period. Additionally, the swap counterparty will pay the servicer fee due on that payment date if Caixabank is replaced as servicer.

The *Fondo* will be exposed to reductions in the notional due to loans rolling into arrears over 90 days. If these loans become current again, the arrears amount, corresponding to ordinary interest, received from borrowers would be passed on to the swap counterparty.

**Cash Commingling:** Caixabank collects all of the payments under the loans in its portfolio under a direct debit scheme into its account and transfers them daily to a treasury account in the name of the SPV. As a result, in the event of insolvency of Caixabank, until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by Caixabank and may be commingled with other funds belonging to Caixabank.

The transaction does not contemplate setting up any commingling reserve to compensate for collections potentially lost should Caixabank default.

**Mitigant:** Payments are transferred **daily** to the treasury account in the name of the SPV held by Caixabank.

- » Triggers are in place to protect the treasury account from a possible downgrade of the GIC provider's short-term rating. If Caixabank's short-term rating falls below P-1, it will have to find a suitably rated guarantor or substitute.
- » Caixabank's current high rating (Aa2/P-1, negative outlook) is a significant mitigant of the insolvency risk.
- » Caixabank may notify the debtors of the transfer of the loans in order to perfect the sale. 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 (considered as fully due and payable prior to the insolvency); one month of potential setoff is accounted for in the cash-flow model.

## Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	March 2011
----------------------------	------------

### Originator Background:

Rating:	Caixabank (Aa2/P-1/B- Negative Outlook)
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	Not made available
Asset Size:	Total assets at December 2010: 271 EUR billion
% of Total Book Securitised:	Not made available
Transaction as % of Total Book:	Not made available
% of Transaction Retained:	100%

### Servicer & Back-Up Servicer Background:

Servicer and Its Rating:	Caixabank (Aa2/P-1/B- Negative Outlook)
Total Number of Receivables Serviced:	N/A
Number of Staff:	See Appendix for details.
Servicer Assessment:	
Strength of Back-up Servicer Arrangement:	N/A
Back-up Servicer and Its Rating:	N/A
Ownership Structure:	N/A
Regulated by:	N/A
Total Number of Receivables Serviced:	N/A
Number of Staff:	N/A

**Originator/Servicer/Cash Manager Related Triggers**

Key Servicer Termination Events:	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders)
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	Loss of Caixabank's Baa3 rating
Key Cash Manager Termination Events:	Insolvency
Notification of Obligors of True Sale	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Conversion to Daily Sweep	None (sweep is done daily since closing).
Notification of Redirection of Payments to SPV's Account	Insolvency; intervention by the Bank of Spain; breach of service's obligation resulting in being substituted as servicer; or at the request of the management company (acting in the best interest of the noteholders).
Accumulation of Set Off Reserve	N/A

**Receivable Administration:**

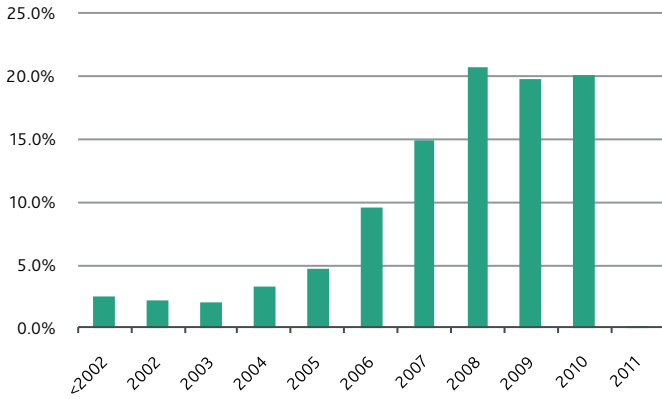
Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	N/A

**Cash Manager:**

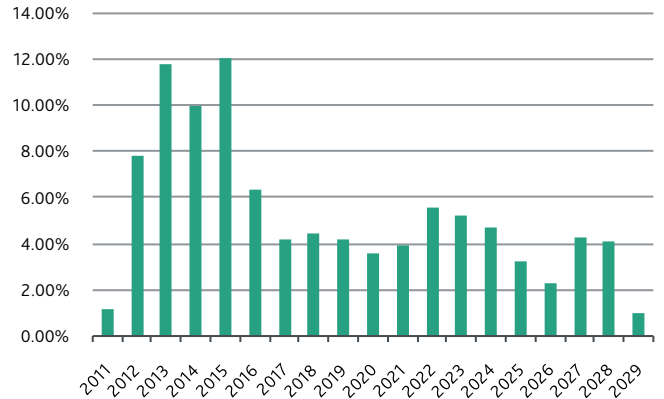
Cash Manager and Its Rating:	» GestiCaixa S.G.F.T; S.A (N.R)
Main Responsibilities:	<ul style="list-style-type: none"> <li>» Keeping the Fund's accounts separate from the management company's.</li> <li>» Complying with its formal, documentary and reporting duties to the CNMV, the rating agencies and any other supervisory body.</li> <li>» Appointing and, if necessary, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.</li> <li>» Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in the Prospectus.</li> <li>» Checking that the mortgage credit income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of issue of the pass-through certificates and on the terms of the relevant mortgage credits.</li> <li>» Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date.</li> <li>» Watching that the amounts credited to the treasury account return the yield set in the agreement.</li> <li>» Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the bonds.</li> <li>» Calculating the available funds, the available funds for amortisation of Series A1, A2, B and C, the liquidation available funds and the payment or withholding obligations to be complied with, and applying the same in the priority of payments or, as the case may be, in the liquidation priority of payments.</li> <li>» The management company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as necessary, each of the Fund service providers on the terms provided for in each agreement.</li> </ul>
Calculation Timeline:	» Determination Date: Four days before the payment date.
Back-up Cash Manager and Its Rating:	» N/A
Main Responsibilities of Back-up Cash Manager:	» N/A

## Collateral Description

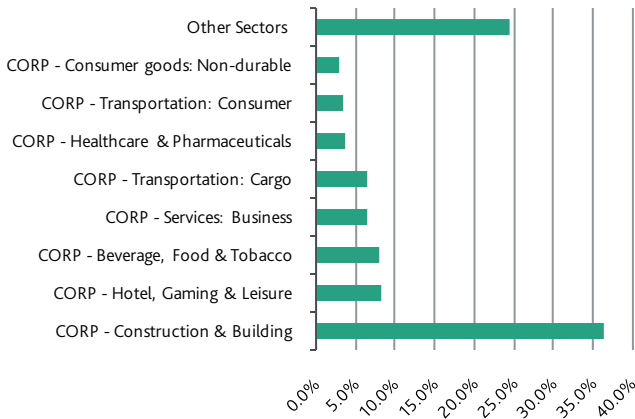
**CHART 2**  
**Portfolio Breakdown by Year of Origination**



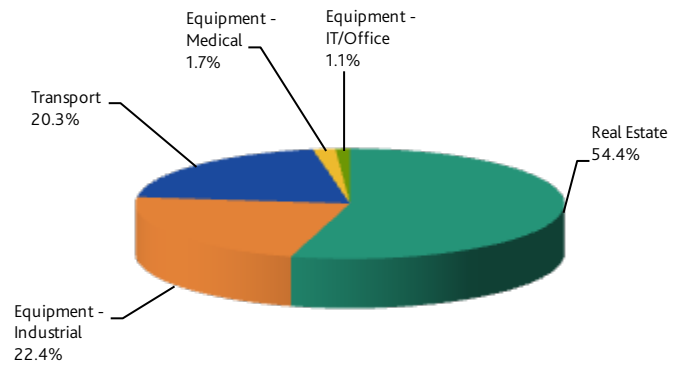
**CHART 3**  
**Portfolio Breakdown by Remaining Term to Maturity**



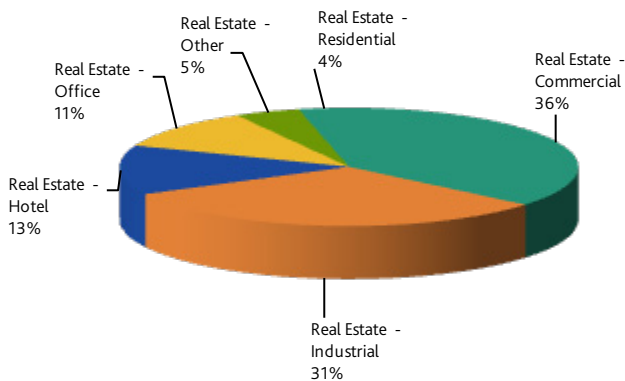
**CHART 4**  
**Portfolio Breakdown by Industry Diversification**



**CHART 5**  
**Portfolio Breakdown by Asset Type**



**CHART 6**  
**Real Estate Assets breakdown by Property type**



**Audits:** Performed by Deloitte, 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 Caixabank to Spanish enterprises and self-employed individuals. The pool securitised is almost the total leasing portfolio of Caixabank and, if split by asset type, it is composed of three main sub-pools: Real Estate (54.4%), Transport (20.3%) and Equipment (25.2%).

The portfolio breakdown by company size (according to Caixabank segmentation), is 6.7% self-employed individual, 19% micro-enterprises (turnover less than €1 million), 62.3% SMEs (turnover between €1 million and €100 million) and 12% Corporate (turnover over €100 million).

The tenor of the instruments varies (from 2 to 24 years) depending on the type of asset. The contracts are either subject to constant amortisation (22% of the portfolio) or French amortisation (70%), with a small amount of “growing instalment” contracts (8%).

Around 6.7% of the contracts are currently enjoying a principal grace period.

#### Eligibility Criteria:

*The key eligibility criteria are as follows:*

- » Lease contracts granted to enterprises domiciled in Spain. Self-employed individuals included.
- » Fully drawn down contracts. Bilateral contracts
- » Lease-backs excluded
- » Leasing to shipping companies excluded.
- » No contracts more than 30 days in arrears
- » No refinancing lease contracts coming from arrears situation
- » Regarding Real Estate leasings, construction finished and located in Spain

#### Additional information on borrowers:

Top 2 Debtors:	3.5% (Construction & Building sector)
	2.5% (Construction & Building sector)
Top 5 Debtors:	9.25%
Top 10 Debtors:	13.14%
Top 25 Debtors:	19.2%
Industry Concentration:	Construction & Building 36.4%
	Hotel, Gaming & Leisure 8.2%
	Beverage, Food & Tobacco 7.9%
Geographic Diversity:	Cataluña 34.91%
	Madrid 30.46%
	Valencia 8.06%

#### Additional information on portfolio:

Number of Contracts:	34,988	
Type of Contracts:	Lease	
Contract Amortisation Style:	Constant (22%); French (70%); “growing instalment” (8%).	
% Large Corporates:	12%	
% Bullet Loans:	0%	
% Real Estate Developers:	8.6%	
Average Interest Rate:	3.2%	
Type of assets:	Real Estate	54.44%
	Equipment - Industrial	22.44%
	Transport	20.34%
	Equipment - Medical	1.69%
	Equipment - IT/Office	1.09%
Real Estate Assets:	Real Estate - Commercial	36.1%
	Real Estate - Industrial	31.3%
	Real Estate - Hotel	13.5%
	Real Estate - Office	11.0%
	Real Estate - Other	4.6%
	Real Estate - Residential	3.5%

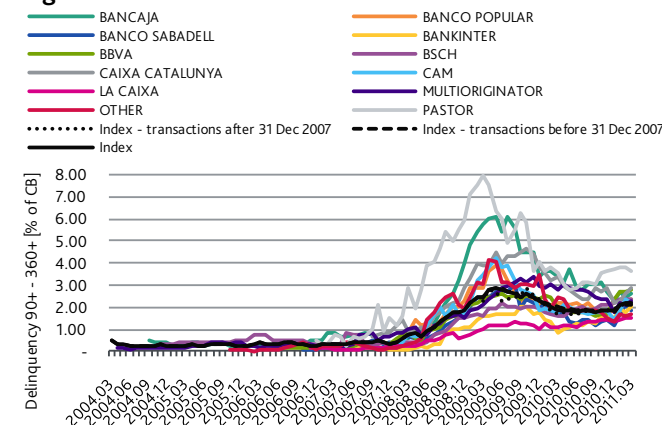
**Residual Value:** normally equal to one instalment but can be as high as the value of the land in case of RE leasing contracts. At closing it represented on average 2.6% (4.8% if weighted by balance). No important differences observed by product ranging from 1.9% (office equipment) to 3.1% (Real Estate).

#### Credit Analysis

- » **Precedent Transactions’ Performance:** Caixabank is one of the most active originators in the securitisation of SME loans in Spain. The performance of the originator’s precedent transactions shows the best performance among the Spanish originators in the SME segment.

CHART 7

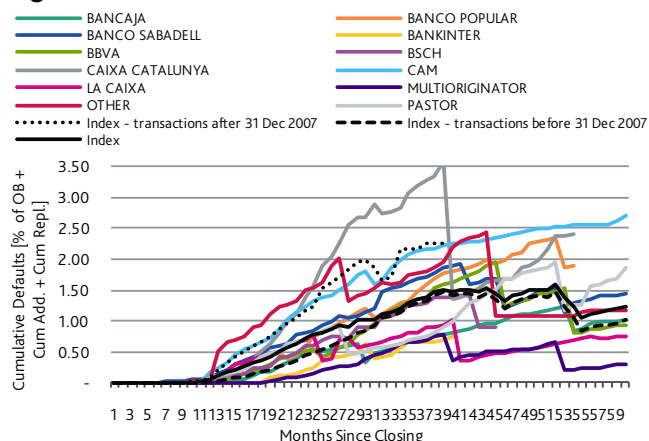
#### Spanish SME 90-360 Days Delinquency – trend by originator



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 8

### Spanish SME Cumulative Defaults – seasoning by originator

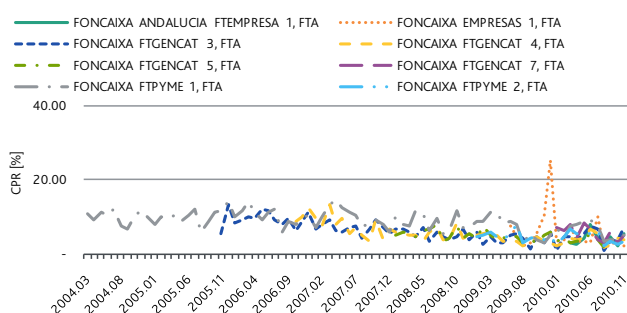


Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

» **Default Definition:** The definition of a defaulted asset in this transaction is one which is more than 12 months in arrears or where the obligor is bankrupt.

CHART 9

### CPR in Caixabank transactions



Source: Moody's Investors Service, Moody's Performance Data Service (periodic investor/servicer reports)

**Data Quantity and Content:** Moody's has received data by quarter of origination to perform a vintage analysis. Additionally, Moody's has received for the provisional pool line-by-line information on default probabilities according to Caixabank's internal ratings/scorings. The average Default Probability (over one year) and the Loss Given Default, according to Caixabank's internal analysis, are equal to 3.68% and 35.3%.

In addition, Moody's has available meaningful information about historical performance of previous Caixabank SME deals, as shown in Charts 8 to 10. Moody's notes that the monitoring information from Caixabank's deals shows a good performance.

In Moody's view, the quantity of data received is in line compared to transactions which have achieved high investment grade ratings in this sector.

**Assumptions:** Note other values within a range of the notional amount listed below may result in achieving the same ratings.

### Assumptions

CPR:	3%
Distribution:	Inverse Normal
Default rate:	11.62%
Stdev/mean:	50%
Timing of default:	Flat over WAL of 4.1 years
Recoveries:	Mean 47% (stochastic recoveries)
Recovery lag:	50% (in 2nd year after default) and 50% (in 3rd year)
Correlation Default/ Recoveries:	10%
Amortisation profile:	Actual pool amortization
Fees:	0.50%
Fees floor:	€25,000
Euribor (three-month):	4%
PDL definition:	12 months
Write-off:	12 months

**Derivation of default rate assumption:** Moody's analysed the performance monitoring data on previous deals as well as other sources of information (like macroeconomic data) to determine the default assumption.

Moody's has complemented the monitoring data analysis with a top-down approach, as detailed below.

Moody's split the portfolio into three sub-pools based on the economic sector in which the debtor was active: (i) Real Estate Developer, (ii) construction and building and (iii) all other industries. Moody's rating proxies assumed are shown in the table below.

Borrower's main sector of activity	Rating Proxy
Real Estate Developer	B3
Construction & building	B1
Other industries	Ba2

The above assumptions include some adjustments that take into account the current macro-economic environment (generally in the range of one-two notches) as well as the originator's underwriting ability. Caixabank's default rates is the lowest in the Spanish markets (see Chart 9), therefore Moody's has taken into consideration the current performance of Caixabank's SME deals in its assumptions.

Moody's further adjusted the assumptions to account for the size of the companies (one notch down for micro and small enterprises). Finally, we also adjusted the PD assumptions according to the loan characteristics. For loans with current or potential principal grace period or potential holiday payment an additional 10% PD stress was applied.

**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 4.1 years (with a 12-month lag).

Derivation of Recovery Rate Assumption: Assumptions for recoveries were made on the basis of (i) historical recovery information available from previous deals of Caixabank; (ii) statistical information on the Spanish SME market; (iii) feedback from Moody's corporate team; and (iv) other quantitative and pool derived aspects. Regarding the last point, Moody's estimated the recovery rate on the Real Estate portion of the portfolio based on the property valuation data, applying conservative haircuts to take into account property price deflation and associated costs to the recovery process.

**Modelling Approach:** Given the number of assets and the size of the exposures in the portfolio (see section entitled "Collateral Description"), Moody's derived the default distribution curves by using the inverse normal density law. To determine such distribution, two main input parameters needed to be assessed: (i) the mean default probability of the portfolio, and (ii) the standard deviation of the default distribution.

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

Moody's considered how the cash flow generated by the collateral was allocated to the parties within the transaction, and the extent to which various structural feature of the transaction might 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. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payments and relatively size, Moody's built a cash flow model that reproduces many deal-specific characteristics (the main input parameter of the model is described in the table above). By weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss average for each series of the 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 the notes.

### Treatment of Concerns:

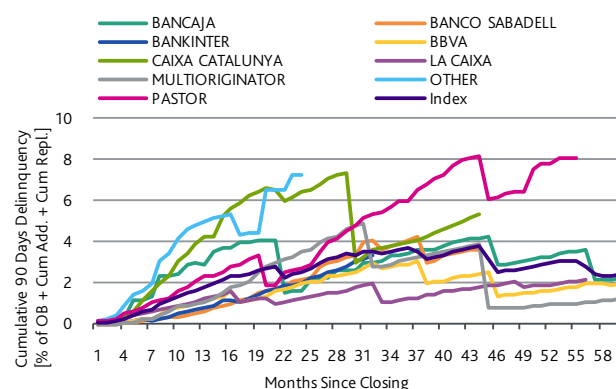
- » **Exposure to real estate:** Approximately 36% of the portfolio is exposed to the Construction and Building sector (according to Moody's industry classification). Moody's assumed a higher default probability for obligors operating in this industry (rating proxy equal to B1; B3 for Real Estate developers) than for the rest of obligors (rating proxy equal to Ba2). Caixabank's default rates have recently deteriorated, although they remain significantly below the market average.
- » **Legal uncertainty:** there are a legal uncertainty associated with recoveries on leased assets following potential bankruptcy of the originator. This has been taken into account in Moody's quantitative analysis by stressing the recovery rate assumption in that potential scenario.

### Benchmarking Analysis

**Performance Relative to Sector:** In Moody's view, the historical performance of 90 days past due compares very positively to other recent transactions in this sector. Chart 10 shows 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. The performance of Caixabank's transactions is better than the index even though its default rates have recently deteriorated.

CHART 10

#### Spanish SME 90+ Cumulative delinquencies (by Originator)



Source: Moody's Investors Service, periodic investor reports

## Benchmark Table

Deal Name	Foncaixa Empresas 3	Foncaixa Empresas 2	Foncaixa Andalucia Ftempresas 1	Foncaixa Ftgencat 7
Country	Spain	Spain	Spain	Spain
Closing Date	March 2011	November 2010	March 2010	October 2009
Currency of Rated Issuance	Euro	Euro	Euro	Euro
Rated Notes Volume (excluding NR and Equity)	1,400,000,000	1,850,000,000	500,000,000	1,000,000
Originator	Caixabank	Caixabank	Caixabank	Caixabank
Long-Term Rating1	Aa2 (Negative outlook)	Aa2	Aa2	Aa2
Short-Term Rating1	P-1	P-1	P-1	P-1
Servicer1	Caixabank	Caixabank	Caixabank	Caixabank
Long-Term Rating1	Aa2 (Negative outlook)	Aa2	Aa2	Aa2
Short-Term Rating1	P-1	P-1	P-1	P-1
<b>Contract Information (as % Total Pool)</b>				
(Fully) Amortising Contracts %	90.87%	92.0%	97.50%	98.40%
Bullet / Balloon Contracts %	9.13%	8.0%	2.50%	1.60%
Method of Payment - Direct Debit (minimum payment)	100.00%	100.00%	100.00%	100.00%
Floating-Rate Contracts %	89.62%		89.00%	85.70%
Fixed-Rate Contracts %	10.38%		11.00%	14.30%
WA Initial Yield (Total Pool)	3.13%	2.60%	3.95%	4.55%
WAL of Total Pool (in years)	5.81	5.3	7.4	3.5
WA Seasoning (in years)	1.95	1.8	2.1	2.1
WA Remaining Term (in years)	10.41	8.9	12.9	7.8
Portfolio Share in Arrears > 30 days %				
No. of Contracts	12,641	9,198	6,418	29,901
<b>Obligor Information (as % Total Pool)</b>				
No. of Obligors	9,653	5,580	5,838	16,105
Name: 1st Largest Industry	Construction & Building	Construction & Building	Construction & Building	Construction & Building
2nd Largest Industry	Hotel, Gaming & Leisure	Beverage, Food & Tobacco	Beverage, Food & Tobacco	Beverage, Food & Tobacco
3rd Largest Industry	Beverage, Food & Tobacco	Hotel, Gaming & Leisure	Hotel, Gaming & Leisure	Consumer goods: Non-durable
Size %: 1st Largest Industry	32.88%	24.70%	30.00%	32.80%
2nd Largest Industry	16.23%	15.70%	23.30%	7.00%
3rd Largest Industry	14.43%	12.40%	11.10%	6.80%
Effective Number (Obligor Group Level)	299	132	954	2,010
Single Obligor (Group) Concentration %	2.14%	5.40%	1.19%	0.59%
Top 10 Obligor (Group) Concentration %	15.00%	20.8%	6.03%	3.85%
Small companies (including self employed)%	29.85%	32.00%	90.2%	92.20%
Medium %	48.10%	20.00%	9.8%	7.80%
Corporate %	22.05%	48%	0%	0%
<b>Collateral Information (as % Total Pool)</b>				
WA RE collateralisation level	54.4%	50.6%	65.84%	67.10%
<b>Geographical Stratification (as % Total Pool)</b>				
Name: 1st largest region	Madrid	Madrid	Andalucia	Catalonia
2nd largest region	Catalonia	Catalonia		
Size %: 1st largest region	26.32%	29%	100.00%	100.00%
2nd largest region	23.14%	28%		

Deal Name	Foncaixa Empresas 3	Foncaixa Empresas 2	Foncaixa Andaluca Ftempresas 1	Foncaixa Ftgencat 7
<b>Asset Assumptions</b>				
Gross Default / Net Loss Definition in this Deal	12 months	12 month	12 months	12 months
Type of Default / Loss Distribution	Monte Carlo	Monte Carlo	Inverse normal	Inverse normal
Mean Gross Default Rate - Initial Pool	14.31%	11.60%	20.00%	17.30%
CoV	46.44%	55.00%	46.00%	45.11%
Stochastic Recoveries Modelled	Yes	Yes	Yes	Yes
Mean Recovery Rate	57.00%	55.00%	60.00%	58.00%
Stdev. Recovery Rate (if any)	20%	20%	20.00%	20.00%
Correlation Severity / Default	10%	10%	10.00%	10.00%
Correlation Severity	10%	10%	10.00%	10.00%
Prepayment Rate(s)	5.00%	5.00%	5.00%	5.00%
Fees		0.50%	0.50%	0.50%
<b>Capital Structure (as % Total Pool)</b>				
Size of: Aaa-rated class	80.00%	90.00%	82.00%	87.00%
Aa-rated class			5.00%	
A-rated class		10.00%	13.00%	2.50%
Baa-rated class	20.00%			10.50%
Ba-rated class				
B-rated class				
Caa and below rated class				
NR				
Equity				
Reserve Fund	10.55%	13.75%	18.00%	15.50%
<b>Aaa CE</b>	<b>30.55%</b>	<b>23.75%</b>	<b>36.00%</b>	<b>28.50%</b>



## Parameter Sensitivities

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.

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed nine scenarios derived from the combination of mean default rate: 11.6% (base case), 13.1% (base + 1.5%) and 14.6% (base + 3%) and recovery rate: 47% (base case), 42% (base – 5%) and 37% (base – 10%). The 11.6% - 47% scenario represents 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\*.

TABLE 5

### Series A1

		Recovery Rate		
		47%	42%	37%
Portfolio	11.6%	Aaa*	Aaa (0)	Aaa (0)
WA PD	13.1%	Aaa (0)	Aaa (0)	Aaa (0)
Assumption	14.6%	Aaa (0)	Aaa (0)	Aaa (0)

TABLE 6

### Series A2

		Recovery Rate		
		47%	42%	37%
Portfolio	11.6%	Aaa*	Aaa (0)	Aa1 (1)
WA PD	13.1%	Aa1 (1)	Aa1 (1)	Aa1 (1)
Assumption	14.6%	Aa1 (1)	Aa2 (2)	Aa3 (3)

TABLE 7

### Series B

		Recovery Rate		
		47%	42%	37%
Portfolio	11.6%	B1*	B1(0)	B1 (1)
WA PD	13.1%	B2 (1)	B2 (1)	B2 (1)
Assumption	14.6%	B3 (2)	B3 (2)	B3 (2)

TABLE 8

### Series C

		Recovery Rate		
		47%	42%	37%
Portfolio	11.6%	B3*	B3 (0)	B3 (0)
WA PD	13.1%	B3 (0)	B3 (0)	B3 (0)
Assumption	14.6%	B3 (0)	B3 (0)	B3 (0)

\* Results under base case assumptions indicated by asterisk '\* '.

Change in model-indicated rating (number of notches) is noted in parentheses.

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. The model does not intend 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.

In this analysis Series A1 and A2 were assumed to amortise pro rata.

## Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings 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:** Caixabank will act as servicer (a back-up servicer will be appointed if Caixabank is downgraded below Baa3).

**Significant Influences:** In addition to the counterparty issues noted, the following factors may have a significant impact on this transaction's ratings: further deterioration in the real estate market causing longer recovery lags and higher price declines than the stressed values which were assumed in our modelling.

Counterparty Rating Triggers	Condition	Remedies
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines*	
Issuer Account Bank and Principal Account Bank	Loss of P-1	Replace/Eligible guarantor
Servicer	Loss of Baa3	Appointment of back up servicer
Liquidity Facility Provider	NA	

\* See [Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology](#), October 2010

### Monitoring report: Data Quality:

**Monitoring Report:** Moody's has reviewed the standard monitoring report (publicly available at the 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
- » Quarterly loan-by-loan pool evolution reports (including recovery data)

## 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:

### Methodologies 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)
- » [Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Cashflow Transactions Moody's Methodology, May 2006](#) (SF73248)

### Special Reports:

- » [Spanish SME Performance Indices, March, 2011](#) (SF246948)
- » [Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread](#), January 2004 (SF29881)

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:	<p>Caixabank is Spain's largest savings bank, its third-largest banking group and the biggest financial institution in Catalonia and the Balearic Islands, where it holds market shares of around 38% of customer funds, 32% of loans and 23.9% of branches. Catalonia is one of Spain's wealthiest regions and enjoys a diversified economy.</p> <p>Caixabank has more than doubled its number of branches since 1990, with 62.2% of the group's branches now located outside its traditional market. As such, the bank currently derives less than 50% of its operating income from its home markets. Nationwide, Caixabank enjoys a 12.1% share of deposits, 10.7% of loans and 12.6% of total branches. Caixabank is Spain's market leader in bancassurance, leading issuer of credit cards both in terms of turnover and number of cards in circulation, and has a national market share of 12.2% in mutual funds.</p> <p>Caixabank's aim is to be a universal bank, although the bulk of its business still comes from standardised banking products. The bank is increasingly providing more value-added services to private individuals - primarily mortgages, where it enjoys an 11 % market share in Spain, and SMEs through a highly automated distribution network backed by a decentralised business model.</p>
Sales and Marketing Practices:	<p>Caixabank provides services to its customers through a multi-channel distribution:</p> <ul style="list-style-type: none"> <li>» Branch network in Spain: 5,234 branches.</li> <li>» Employees: 28,284.</li> <li>» 84 specialised branches for companies with more than €10 million turnover, and four purely for big corporates.</li> <li>» 32 specialised branches for private banking.</li> <li>» 13 international branches.</li> </ul>
Underwriting Policies and Procedures:	<ul style="list-style-type: none"> <li>» Caixabank's analytical approach is based on the borrower's repayment capacity rather than the nature of the securities pledged.</li> <li>» Internal rating and credit scoring: The several internal rating and credit scoring systems in place play a key role in Caixabank's underwriting process. The entity has four different models: three for SMEs depending on the size and one for large corporates. The scoring system for self-employed individuals is a very efficient tool, with scores updated monthly. The same efficiency is detected in the internal rating system for corporates, where the internal ratings are updated annually (when the financial statements are published) but also operational alerts are periodically shown. Both systems have already been certified by the Bank of Spain (so the size of regulatory capital needed is estimated with them).</li> <li>» Approval mechanisms to cover specific segments, distinguishing between retail banking, property development and business banking.</li> <li>» System of authorisation limits based on expected loss.</li> <li>» Electronic file as a procedure for managing applications.</li> <li>» Individual customer segment: risk-adjusted price control systems for mortgage applications through differentiated authorisation limits.</li> <li>» The stage of the economic cycle we are currently in, especially regarding the property sector, has confirmed the advisability of using tools to measure risk in the process of approving or rejecting transactions. Restrictive policies have been applied to mortgage operations in excess of 80% of the value of the guarantee.</li> <li>» Business segment: Risk metrics in the approval process: <ul style="list-style-type: none"> <li>– Ratings: essential element in the analysis. Controls are set up to ensure that the ratings are used in analysing the risk of each loan. If the rating has not been updated the system rejects the operation.</li> <li>– System of risk adjusted prices. This complements the assessment of risk adjusted return at customer level, calculated monthly as benchmark spread (risk cost) versus margin on risk (customer level margin).</li> </ul> </li> <li>» Employees have authority to grant small loans to borrowers with high exposure, therefore streamlining processes.</li> <li>» 71.5% of approved loans granted at branch level, 13.4% granted by the area managers, 10.7% by the business division managers and 4.4% by the head office and the Board of Directors (as of December 2010).</li> </ul>
Collateral Valuation Policies and Procedures:	<ul style="list-style-type: none"> <li>» Caixabank has set up procedures to make sure of the adequate valuation of the collateral assets.</li> <li>» Based on independent valuations. Different levels and committees to authorise the operations.</li> </ul>
Closing Policies and Procedures:	<ul style="list-style-type: none"> <li>» In line with the market standards.</li> </ul>
Credit Risk Management:	<ul style="list-style-type: none"> <li>» Global Risk Committee: In charge of a comprehensive management of the Group's risks, among them credit risk.</li> <li>» Concession Policy Committee: Sets authorisation limits and charges for credit operations.</li> <li>» Credit Committee: Analyses and, if appropriate, approves operations within its level of responsibility, referring those outside the bounds of its authority to the Board of Directors.</li> <li>» Risk measurement models: Tools and techniques based on specific needs of each type of risk, including ratings, scorings, probability of default (PD), loss given default (LGD) and exposure at default (EAD). The models are integrated into management and monitoring.</li> <li>» Banking Business Management Model implemented throughout the organisation down to the branch level.</li> <li>» The branches have innovative tools on hand to assist them with global management of all the business they generate.</li> <li>» The internal models for measuring credit risk have received approval from the Bank of Spain.</li> </ul>
<b>Originator Stability:</b>	<b>Aa2/P-1/B-</b>
Quality Controls and Audits:	<ul style="list-style-type: none"> <li>» Caixabank is regulated by the Bank of Spain and carries out annual external audits.</li> <li>» Internal Audit Division: continuously monitors internal control systems and checks the accuracy of the risk measurement and control methods employed by the various divisions involved in risk monitoring.</li> </ul>
Regulated by:	» Bank of Spain
Management Strength and Staff Quality	<ul style="list-style-type: none"> <li>» Average tenure with company: Not Available.</li> <li>» Average Turnover of underwriting staff: Not Available.</li> <li>» Length of tenor for head of credit risk management: Not Available.</li> <li>» Compensation structure i.e., incentive for receivables growth: Not Available.</li> </ul>

**Arrears Management:**

# of Receivables per Collector:	» Not Available.
Staff Description:	<ul style="list-style-type: none"> <li>» CaixaBank has a staff of around 400 in the different teams supporting the recovery process, and outsource the documents preparation task before the judicial process to a company fully owned by it named GDS-CUSA (another additional 100 persons). This unit is in charge of the prevention, control and monitoring of loan recovery within the network reinforced. Close to 600 specialists managing default risk.</li> <li>» Prevention and monitoring processes under supervision of the Risk Senior Executive Vice-President Office.</li> <li>» New Debt Recovery Executive Vice-President to boost recoveries management.</li> <li>» Average tenure with company: Not Available.</li> <li>» Turnover: Not Available.</li> <li>» Compensation structure i.e., incentive for collections achieved: Not Available.</li> </ul>
Early Stage Arrears Practices:	» CaixaBank checks daily the debtors' accounts in case of unpaid positions in order to collect any amount in such accounts.
Late Stage Arrears Practices:	<ul style="list-style-type: none"> <li>» Improvement in the parameterisation and automatization of the processes, both at the prevention stage and at the recovery stage.</li> <li>» Boost of specific IT tools for each stage of the process.</li> <li>» CaixaBank can repossess properties in case of void auctions.</li> <li>» In the case of repossessed properties, Servihabitat (a real estate company owned by CaixaBank) is in charge of marketing and selling those properties.</li> </ul>
Average Time to Repossess:	» Not Available.
Loan Modifications:	» Not Available.

» contacts continued from page 1

**ADDITIONAL CONTACTS:**

Frankfurt: 49.69.2222.7847

London: 44.20.7772.5454

Madrid: 34.91.414.3161

Milan: 39.023.6006.333

Paris: 33.1.7070.2229

Report Number: SF256015

© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK".

MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.