GC FTPYME Pastor 4, Fondo de Titulización de Activos

SME loans / Spain

*This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of October 2006. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The **definitive** ratings may differ from the **provisional** ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.*

Estimated Closing Date

[15 November 2006]

Lead Analyst

Alberto Postigo
Vice President – Senior Analyst
+34 91 702-6604
Alberto.Postigo@moodys.com

Backup Analyst

Luis Mozos
Associate Analyst
+34 91 702-6615
Luis.Mozos@moodys.com

Investor Liaison

London

Edward Bowden
Investor Liaison Specialist
+44 20 7772-5454
Edward.Bowden@moodys.com

New York

Brett Hemmerling
Investor Liaison Specialist
+1 212 553-4796
Brett.Hemmerling@moodys.com

Client Service Desk

Frankfurt: +49 69 70730-776

London: +44 20 7772-5454

csdlondon@moodys.com

Madrid: +34 91 702-6616

Monitoring

monitor.abs@moodys.com

Website

www.moodys.com

PROVISIONAL (P) RATINGS

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
A1	(P)**Aaa**	€260.00	41.27	Jul 45	3mE + [・]%
A2	(P)**Aaa**	€256.60	40.73	Jul 45	3mE + [・]%
A3G	(P)**Aaa**	€50.40	8.00	Jul 45	3mE + [・]%
B	(P)**Aa2**	€15.80	2.51	Jul 45	3mE + [・]%
C	(P)**A2**	€15.70	2.49	Jul 45	3mE + [・]%
D	(P)**Baa3**	€18.90	3.00	Jul 45	3mE + [・]%
E	(P)**Ba3**	€12.60	2.00	Jul 45	3mE + [・]%
Total		€630.00	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 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.

OPINION

Strengths of the Transaction

– Extensive historical default and recovery information provided by Banco Pastor

– Guarantee of the Kingdom of Spain for Series A3G

– Excess spread-trapping mechanism through an 18-month "artificial write-off"

– At closing, the management company will elect the loans from the provisional portfolio that will result in the least concentrated securitised pool

– Strong swap agreement guaranteeing an excess spread of 0.85% and covering the servicing fee should Banco Pastor be substituted as servicer of the pool

Weaknesses and Mitigants

– Geographical concentration in the region of Galicia, a natural consequence of the location of the originator, and mitigated in part by the fact that this is the region where this financial institution has its greatest expertise.

– Pro-rata amortisation of Series B, C, D and E leads to reduced credit enhancement of the senior series in absolute terms. This is mitigated by strict triggers which interrupt the pro-rata amortisation of the notes should the performance of the transaction deteriorate.

– The deferral of interest payments on each of Series B, C, D and E benefits the repayment of the series senior to each of them, but increases the expected loss on Series B, C, D and E themselves. The reserve fund and the subordination have been sized accordingly to account for this deterioration on the expected loss.

STRUCTURE SUMMARY ***(see page 4 for more details)***

Issuer:	GC FTPYME Pastor 4, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Originator:	Banco Pastor, S.A. (Banco Pastor, **A1**/**P-1**)
Servicer:	Banco Pastor
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	15 January, 15 April, 15 July, 15 October
	First payment date: 15 January 2007
Credit Enhancement/Reserves:	0.85% excess spread 2.0% reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account Guarantee of the Kingdom of Spain (**Aaa**/**P-1**) for Series A3G
GIC Account Provider:	Banco Pastor
Hedging:	Interest rate swap covering the interest rate risk
Interest Rate Swap Counterparty:	Banco Pastor
Paying Agent:	Banco Pastor
Note Trustee (Management Company):	Gesticaixa, S.G.F.T., S.A. (Gesticaixa)
Arrangers:	Banco Pastor
	Calyon, Spanish Branch (Calyon)
	Gesticaixa
Lead Managers:	Banco Pastor
	Calyon
	Merril Lynch International

COLLATERAL SUMMARY (AS OF OCTOBER 2006) ***(see page 7 for more details)***

Receivables:	Loans to Spanish corporates (66.5%) and self-employed individuals (33.5%)
Total amount:	€657.4 million
Number of Contracts:	6,136
Number of Borrowers:	5,514
Geographic Diversity:	Galicia (31%), Catalonia (14%), Madrid (12%)
WA Seasoning:	1.23 years
WA Remaining Term:	8.09 years
Interest Basis:	86.5% floating, 13.5% fixed
WA Interest Rate:	4.46%
Delinquency Status:	No loans more than 45 days in arrears at the time of the securitisation
Historical Experience:	Default, recovery and prepayments information provided

NOTES

Series	Subordination	Reserve Fund	Total
A1	58.73%(1) (2)	2%	60.73%
A2	18%(1) (2)	2%	20.00%
A3G	10%(1)	2%	12.00%
B	7.49%(1)	2%	9.49%
C	5%(1)	2%	7.00%
D	2%(1)	2%	4.00%
E	0%	2%	

(1) Subject to pro-rata amortisation triggers

(2) If no pro-rata trigger is hit, the amount retained as 'principal due' is distributed between Series A1 and Series A2 according to specific percentages

INTRODUCTION

In line with the reduction observed in 2005, the 2006 budget for the FTPYME programme has decreased sharply from the amounts assigned in 2002, 2003 and 2004

As has become usual in recent years, the Spanish Ministry of Economy has established an annual guarantee budget for the FTPYME (SME securitisation funds) programme for 2006. In line with the reduction observed in 2005, the amount assigned by the Ministry has decreased sharply from the €1.8 billion guarantee assigned in 2002, 2003 and 2004, to the current level of €800 million.

The legal framework has not experienced any change since 2005. The following is a summary of its principal conditions:

1. Securitised assets must be loans (a) originated by institutions that have previously signed an agreement with the Ministry of Economy, (b) granted to non-financial enterprises based in Spain and (c) with an initial maturity of more than one year.
2. At least 80% of the loans must be granted to small- and medium- sized enterprises (SMEs) (as defined by the European Commission in its recommendation of 6 May 2003).
3. The institutions transferring the loans to an FTPYME fund must in turn reinvest the proceeds of the sale in granting new loans (such loans complying with conditions (1) and (2) above): 50% of which must be reinvested within six months and the remaining 50% within one year.
4. The Kingdom of Spain will guarantee interest and principal payments on up to 80% of securities rated **Aa** or above. Significantly, the guarantee is fully binding for the Kingdom of Spain.

Additionally, a condition imposed in the Budget Law for 2006 limits the outstanding amount of guaranteed tranches to €5 billion; i.e. no further tranches could be guaranteed beyond this limit even if the guarantee budget has not been fully allocated.

Moody's expects that six FTPYME securitisation funds will close by year-end 2006.

TRANSACTION SUMMARY

Cash securitisation of loans granted to Spanish enterprises carried out under the FTPYME programme

GC FTPYME Pastor 4, FTA (the "Fondo") is a securitisation fund created with the aim of purchasing a pool of loans granted by Banco Pastor to Spanish SMEs, in compliance with the conditions required by the FTPYME programme in order to qualify for the Spanish Treasury guarantee.

The *Fondo* will issue seven series of notes to finance the purchase of the loans (at par):

– A subordinated Series E, rated (P)**Ba3**
– A mezzanine Series D, rated (P)**Baa3**
– A mezzanine Series C, rated (P)**A2**
– A mezzanine Series B, rated (P)**Aa2**
– A senior tranche composed of three (P)**Aaa**-rated series: a subordinated Series A3G, a mezzanine Series A2 and a senior Series A1

Each series of notes is supported by the series subordinated to itself, a cash reserve and the excess spread guaranteed under the swap agreement. The swap agreement will also hedge the Fondo against (i) the risk derived from having different index reference rates and reset dates on the assets (as well as fixed-rate loans) and on the notes; (ii) any renegotiation of the loans' interest rate; and (iii) the existence of caps on this interest rate.

In addition, the Fondo will benefit from a €0.75 million subordinated loan provided by Banco Pastor to fund the up-front expenses and the costs of issuing the notes.

Series A3G benefits from the guarantee of the Kingdom of Spain for interest and principal payments. Nevertheless, the expected loss associated with Series A3G notes is consistent with a **Aaa** rating regardless of the Spanish Treasury guarantee. The transaction will not incorporate a liquidity line to ensure the timeliness of the interest or principal guarantee payments.

The provisional pool consists of 6,136 loans and 5,514 Spanish enterprises as borrowers, 98% of which are SMEs according to the European Commission definition. Given the location of the originator, the pool is concentrated in Galicia. According to

Moody's industry classification, it is around 40% concentrated in the "buildings and real estate" sector. 56% of the pool is secured by a first-lien mortgage guarantee over different types of properties.

Moody's based the provisional ratings primarily on: (i) an evaluation of the underlying portfolio of loans; (ii) historical performance information; (iii) the swap agreement hedging the interest rate risk; (iv) the credit enhancement provided through the GIC account, the excess spread, the cash reserve and the subordination of the notes; and (v) the legal and structural integrity of the transaction.

Moody's 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 in May 2045.

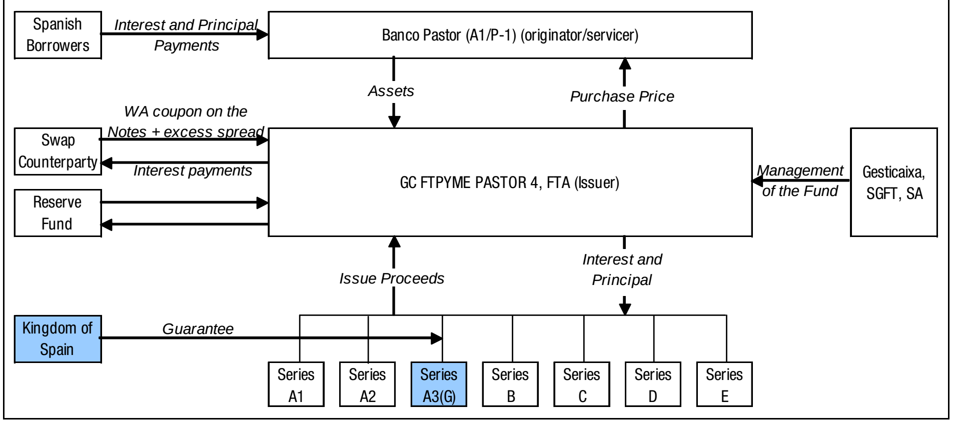
The ratings do not address full redemption of the notes on the expected maturity date.

STRUCTURAL AND LEGAL ASPECTS

Deal structure incorporating the following key features: a swap agreement guaranteeing 0.85% of annual excess spread, pro-rata amortisation of the notes and deferral of interest based on the accumulated amount of written-off loans

Chart 1:

Structure Diagram



Interest rate swap hedging the interest rate risk and guaranteeing 85 bppa of annual excess spread

To hedge the *Fondo* against the interest rate risk (potential mismatch derived from having different index reference rates and reset dates on the assets and on the notes), it will enter into a swap agreement with Banco Pastor.

According to the swap agreement, on each payment date:

– The *Fondo* will pay the interest received from the loans since the previous payment date.
– Banco Pastor will pay the sum of (1) the weighted average coupon on the notes plus 85 bppa, over a notional calculated as the daily average of the outstanding amount of performing loans since the last payment date; and (2) the servicer fee due on that payment date should Banco Pastor be substituted as servicer of the pool.

This swap structure additionally hedges the *Fondo* against any potential renegotiation of the loans' interest rate and the existence of caps on these loans' interest rate. It also covers the gap between the interest payments received from the pool and the amount of interest due to the notes on the first payment date.

In the event of Banco Pastor's long-term rating being downgraded below **A2**, it will within 30 business days have to (1) collateralise its obligation under the swap in an amount sufficient to maintain the then current rating of the notes; and/or (2) find a suitably rated guarantor or substitute. Any failure by Banco Pastor to comply with this condition will constitute an event of default under the swap agreement.

Reserve fund fully funded up-front to help the Fondo meet its payment obligations

Funded up-front through a subordinated loan provided by Banco Pastor, the reserve fund will be used to cover any potential shortfall on items (1) to (12) of the order of priority (detailed below) on an ongoing basis.

At any point in time during the life of the transaction, the amount requested under the reserve fund will be the lesser of the following amounts:

– 2% of the initial balance of the notes
– The higher of:
    - 4% of the outstanding balance of the notes
    - 1% of the initial balance of the notes

However, the amount requested under the reserve fund will not be reduced:

– During the first two years following the closing date
– On any payment date on which any of the following scenarios occurs:
    - The arrears level (defined as the percentage of non-written-off loans that are more than 90 days in arrears) exceeds 1%.
    - The reserve fund is not funded at its required level

The GIC provides an annual interest rate equal to the index reference rate of the notes

The treasury account will be held at Banco Pastor. The proceeds from the loans, amounts received under the swap agreement and the reserve fund will be deposited in the treasury account.

Moody's has set up some triggers in order to protect the treasury account from a possible downgrade of Banco Pastor's short-term rating. Should this rating fall below **P-1**, it will have to perform one of the following actions in the indicated order of priority within 30 business days:

1. Find a suitably rated guarantor or substitute.
2. Collateralise its payment obligations under the treasury account in an amount sufficient to maintain the then current rating of the notes.
3. Invest the outstanding amount of the treasury account in securities issued by a **P-1**-rated entity.

Banco Pastor guarantees an annual yield of the amounts deposited in the treasury account equal to the index reference rate of the notes.

Limitations on the renegotiation of the loan

The management company authorises Banco Pastor in its role as servicer to renegotiate the interest rate or the maturity of any loan without requiring its approval (although this authorisation can be revoked at any point in time during the life of the transaction). Regarding this last issue, some limitations have been put in place:

– Banco Pastor will not be able to extend the maturity of any loan later than May 2041.
– The total initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the sub-pool.
– The frequency of payments cannot be decreased.
– The amortisation system cannot be modified.
– Each loan to be renegotiated must not have been more than 90 days in arrears during the last six months

Payment structure allocation

On each quarterly payment date, the *Fondo*'s available funds (amounts received from the asset pool, 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) Costs and fees, excluding the servicing fee (except in the case of Banco Pastor being replaced as servicer of the loans)
2) Any amount due under the swap agreement and swap termination payment if the *Fondo* is the defaulting party
3) Interest payment to Series A1, A2 and A3G
4) Interest payment to Series B (if not deferred)
5) Interest payment to Series C (if not deferred)
6) Interest payment to Series D (if not deferred)
7) Interest payment to Series E (if not deferred)
8) Retention of an amount equal to the principal due under the notes
9) Interest payment to Series B (if deferred)
10) Interest payment to Series C (if deferred)
11) Interest payment to Series D (if deferred)

12) Interest payment to Series E (if deferred)
13) Replenishment of the reserve fund
14) Termination payment under the swap agreement (except in the cases contemplated in 2) above)
15) Junior payments

The reimbursement of the guarantee payments from the Spanish Treasury will be made through the above-mentioned order of priority, occupying the same position as the interest and principal payments on the guaranteed series.

In the event of liquidation of the *Fondo*, the payment structure is modified with the sole aim of ensuring that any amount due to a series is repaid before any payment to a subordinated series is made.

Interest deferral mechanism based on the accumulated amount of written-off loans

The payment of interest on Series B, C, D and E will be brought to a more junior position if, on any payment date, and for each of these series, the following conditions are met:

– The accumulated amount of written-off loans since closing is higher than 15%, 11%, 8% and 5.5% of the initial amount of the pool for Series B, C, D and E, respectively.
– The series senior to it are not fully redeemed.

Principal due to the notes incorporates an 18-month "artificial write-off" mechanism

The transaction's structure benefits from an "artificial write-off" mechanism. This mechanism is implicit in the definition of the principal due under the notes, which is calculated as the difference between (1) the outstanding amount of the notes (plus any amount due to the Spanish Treasury by reason of principal) and (2) the outstanding amount of the non-written-off loans (the "written-off loans" being defined as those loans with any amount due but unpaid for more than 18 months (or earlier, if the management company considers that there are no reasonable expectations of recovery under each such loan)).

The "artificial write-off" speeds up the off-balance sheet of a non-performing loan; thus, the amount of notes collateralised by non-performing loans 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.

A principal deficiency will occur, on any payment date, if the issuer's available funds are not sufficient to reimburse the principal due under the notes, according to the cash flow rules stated above (the difference between these two amounts being the principal deficiency). The principal deficiency attributable to Series A3G will be covered by the guarantee from the Kingdom of Spain.

Principal due allocation mechanism

The amount retained as principal due on item (8) of the order of priority will be allocated according to the following rules:

1) 90% of such amount to the amortisation of Series A1 and the remaining 10% to the amortisation of Series A2; and once Series A1 is fully amortised, sequentially to the amortisation of Series A2, A3G, B, C, D and E (in the indicated order)
2) Pro-rata between Series A1, A2 and A3G, if the aggregated outstanding amount of these three Series is equal to or greater than the outstanding amount of performing loans (including loans up to 90 days in arrears).
3) Notwithstanding rule (1), from the payment date on which the initial amount of Series B, C, D and E exceeds 5.02%, 4.98%, 6% and 4%, respectively, of the outstanding amount under all series, pro-rata between the following items:
    i. Amortisation of Series A1, A2 and A3G in accordance with rule (1)
    ii. Amortisation of Series B
    iii. Amortisation of Series C
    iv. Amortisation of Series D
    v. Amortisation of Series E

    Ensuring that the following conditions are met:

    - The arrears level is below 1.50%, 1.25%, 1.00% and 0.75% for Series B, C, D and E, respectively.

- The cash reserve is funded at its required level.
- The outstanding amount of the non-written-off loans is higher than 10% of the pool's initial amount.
- The conditions to amortise pro-rata Series A1, A2 and A3G are not met.

The reimbursement of the guarantee payments from the Spanish Treasury by reason of principal will occupy the same position as the amortisation of Series A3G in the principal due allocation mechanism stated above.

COLLATERAL

Pool of loans granted to Spanish corporates well diversified across the country

As of October 2006, the provisional portfolio comprised 6,136 loans and 5,514 borrowers (66.5% being enterprises and 33.5% self-employed individuals). The loans have been originated by Banco Pastor in its normal course of business, and comply with the following criteria:

– The loans have been granted to non-financial enterprises based in Spain, 98% of which are SMEs according to the European Commission definition.
– The loans are repaid by direct debit and have paid at least one instalment.
– No loan incorporates any type of balloon payments or deferred payments of interest.
– 100% of the principal of the loans has been drawn.
– Obligors are committed to sign an insurance contract for the mortgaged property at the time of the loan's origination.
– All the mortgaged properties are fully developed and situated in Spain.
– The pool will not include loans granted to real estate developers or lease contracts.

The loans have been originated between 2000 and May 2006, with a weighted average seasoning of 1.23 years and a weighted average remaining term of 8.09 years. The longest loan matures in May 2041.

The majority of the loans (67%) pay through monthly instalments of interest and principal, although 9.3% of the pool enjoys a grace period on principal payments (the average length of the grace period being 2.1 years).

The interest rate is floating for 86.5% of the pool and fixed for the rest. The weighted average interest rate of the pool is 4.46%.

56% of the outstanding of the portfolio is secured by a first-lien mortgage guarantee over different types of properties (based on the largest property in the case of multiple mortgage guarantees). The total weighted average loan-to-value is 60%:

Table 1:

Type of Property	%	Weighted Average Loan-to-Value
Residential	25%	59%
Commercial	30%	59%
Industrial	14%	60%
Urban land	19%	63%
Rural land	4%	57%
Other	8%	54%

The remaining 44% of the portfolio is secured by personal guarantee (41%) and other types of real guarantees (3%).

Geographically, the pool is concentrated in Galicia (31%), Catalonia (14%) and Madrid (12%). Around 40% of the portfolio is concentrated in the "buildings and real estate" sector according to Moody's industry classification.

In terms of debtor concentration, the pool includes exposures up to 0.95% of the amount of the issuance. However, it is important to note that, at closing, the management company will elect the loans from the provisional portfolio that will result in the least concentrated securitised pool

Chart 2:
Portfolio Breakdown by Year of Origination

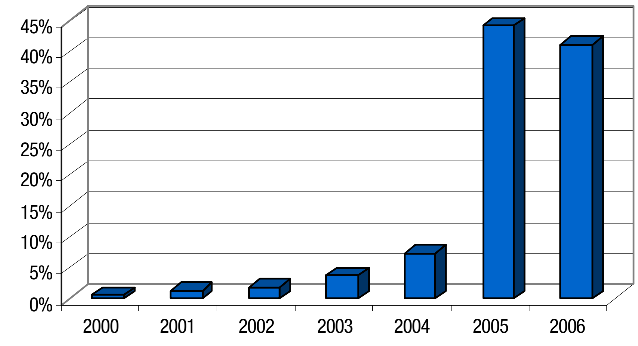


Chart 3:
Portfolio Breakdown by Year of Maturity

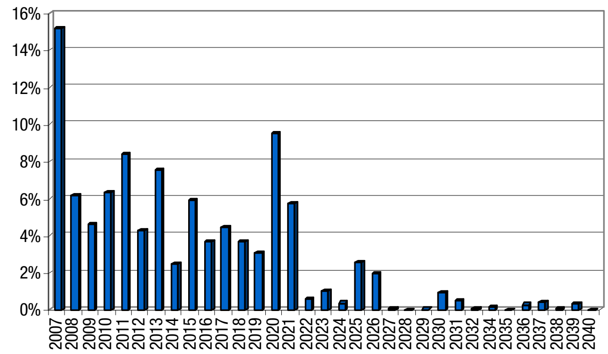


Chart 4:
Portfolio Breakdown by Geographic Diversity

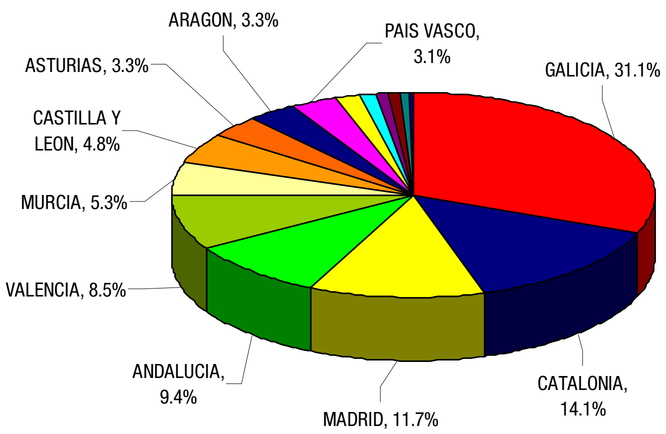


Chart 5:
Portfolio Breakdown by Industry Diversification

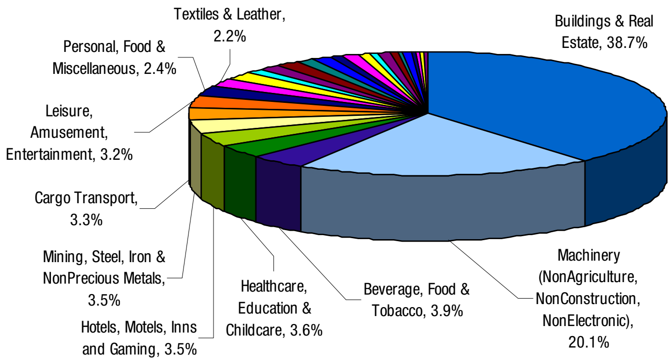


Chart 6:
Portfolio Breakdown by Frequency of Payments

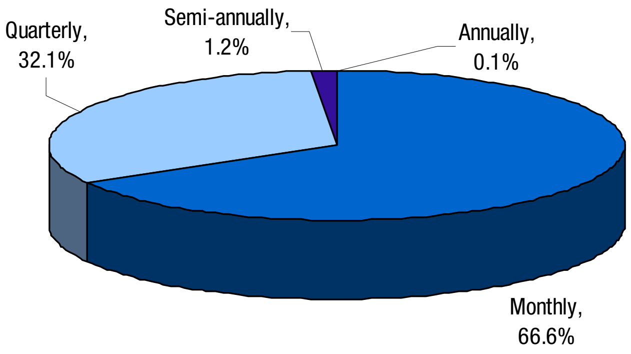
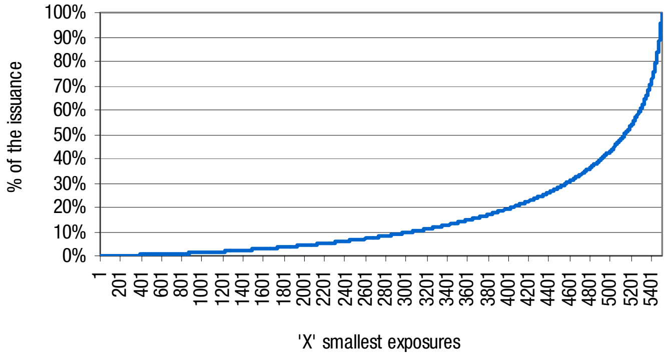


Chart 7:
Debtor Concentration



Finally, it is important to note that, at closing, up to 5% of the pool may correspond to loans up to 45 days in arrears. The rest of the loans will not have amounts more than 30 days past due.

ORIGINATOR, SERVICER, PAYING AGENT AND MANAGEMENT COMPANY

Banco Pastor, Spain's 16th largest banking group and with a leading position in its home region of Galicia, is the originator and servicer of the asset pool

With total assets of €21.8 million as at the end of June 2006, Banco Pastor, is a leading banking institution in its home region of Galicia. As of June 2006, the bank had a market share of 8.9% in loans and deposits in its home region, and was the 16th largest banking group in Spain (including savings banks). Regional GDP growth in Galicia (3.3% year-on-year in 2005) has been slower than the rate for Spain as a whole (3.4% for the same period). Nevertheless, regional unemployment has decreased significantly, from 14.7% in the first quarter of 2004 to 8.6% in the second quarter of 2006, more in line with the national unemployment rate of 8.53%.

However, Banco Pastor is increasingly growing its network outside its home region. Although its national market share remains modest, as at the end of June 2006 over 50% of the bank's branches were located outside its home territory (up from 40% in September 2003). The bank now has branches in every Spanish region, but is focusing its commercial efforts on Madrid and the regions along the Mediterranean coast (Catalonia, Valencia, Murcia and Andalusia). As at the end of June 2006, Galicia accounted for just 19.8% of Banco Pastor's year-on-year growth in lending, whereas the remaining 80.2% relates to other regions.

Banco Pastor is particularly active in retail and SME lending, with the loan book representing close to 81% of total assets as at the end of June 2006. However, the bank appears to be less reliant on net interest income than those other banks with such a high proportion of loans to assets. In general, trading income has made a very limited contribution to Banco Pastor's income.

So far Banco Pastor has carried out 12 securitisation transactions, six RMBS (three multi-originator) and six SME (three multi-originator) deals.

Banco Pastor's duties as servicer and originator

Banco Pastor will act as servicer of the loans. Borrower payments made during a calendar month will be "swept" into the treasury account within the first five business days of the following month. Nevertheless, if Banco Pastor's short-term rating falls below **P-1**, it will have to transfer the borrower payments within a maximum period of seven days, with the purpose of minimising the amount of the pool proceeds that fall into the servicer's bankruptcy state.

In the event of Banco Pastor failing to perform its obligations as servicer; being subjected to Bank of Spain intervention or affected by an insolvency process; or because the management company considers it appropriate, it will have to be substituted or guaranteed in its role as servicer by a suitable institution.

Moody's believes that Banco Pastor is capable of fulfilling its servicing obligations in the transaction.

Likewise, the management company may require Banco Pastor, upon an insolvency process of Banco Pastor or because the management company considers it appropriate, to notify the relevant debtors of the transfer of the loans to the Fondo. Should Banco Pastor fail to comply with this obligation within three business days, the notification would then be carried out by the management company.

Paying Agent

Banco Pastor will act as paying agent of the *Fondo*. In the event of Banco Pastor's short-term rating falling below **P-1**, it will within 30 days have to be replaced in its role of paying agent by a suitably rated institution.

Management Company

Gesticaixa is an experienced management company in the Spanish securitisation market. It is fully owned by Caja de Ahorros y Pensiones de Barcelona (La Caixa, rated **Aa2**/**P-1**/**B+**), and its obligations within the structure are supported by all of its shareholders. Currently it carries out the management of 20 securitisation funds.

Moody's used a Monte-Carlo simulation to derive the default distribution in the portfolio, based on mean default estimations

Given the number of assets and the size of the exposures in the portfolio (see section entitled *Collateral*), Moody's decided to derive the gross loss 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 gross loss contribution of each single entity

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

As regards the gross loss assumption, Moody's based its analysis on historical information received from the originator, separately for enterprises and self-employed individuals. The historical data were adjusted for (1) the seasoning of the portfolio, (2) the expectation of a less favourable macro-economic environment and (3) other qualitative aspects. It is important to note that a loan has been considered as 'defaulted' after 90 days past due. The final value retained was around a mean of 4.05%. Assumptions for recoveries, delinquency and prepayments were also derived from the historical information.

Chart 8:
Cumulative Gross Loss Rate per Quarter of Origination
(Enterprises)

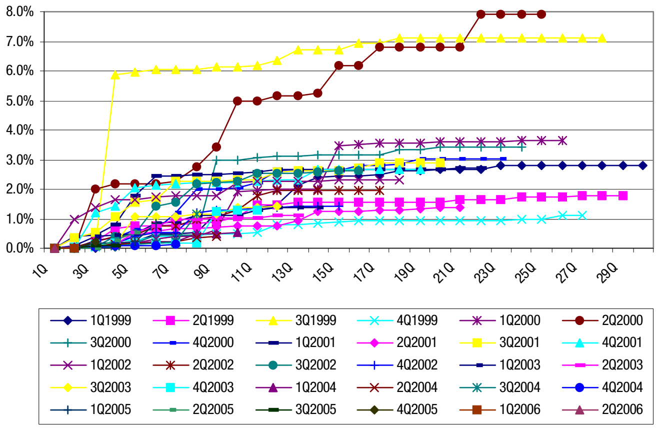


Chart 9:
Cumulative Recovery Rate per Quarter of Default
(Enterprises)

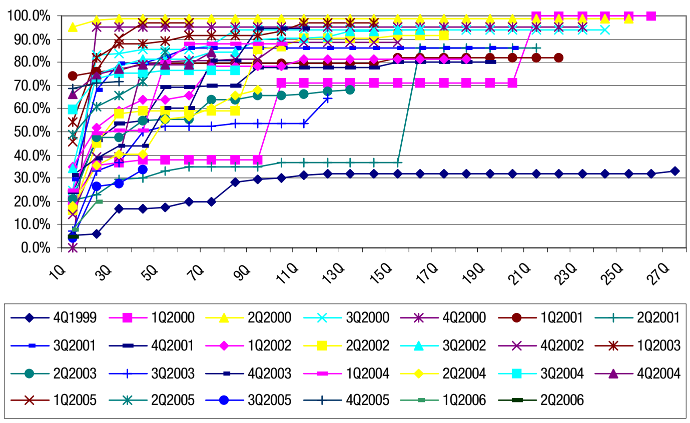


Chart 10:
Cumulative Gross Loss Rate per Quarter of Origination
(Self-Employed Individuals)

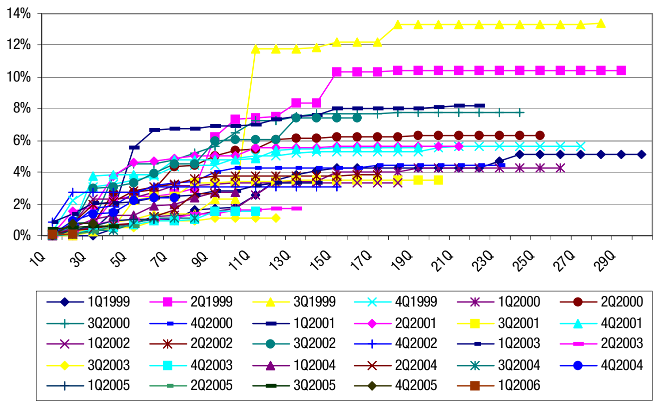
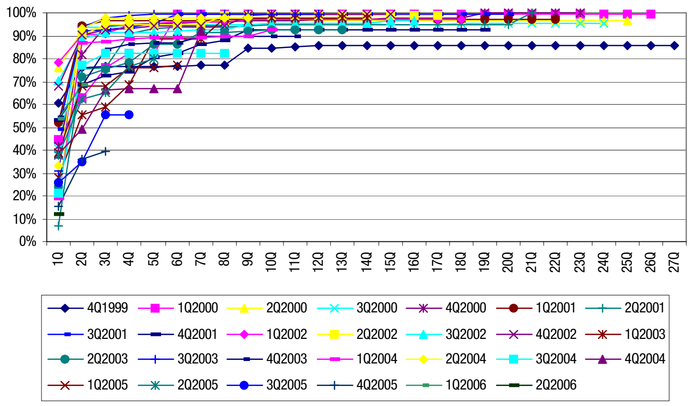
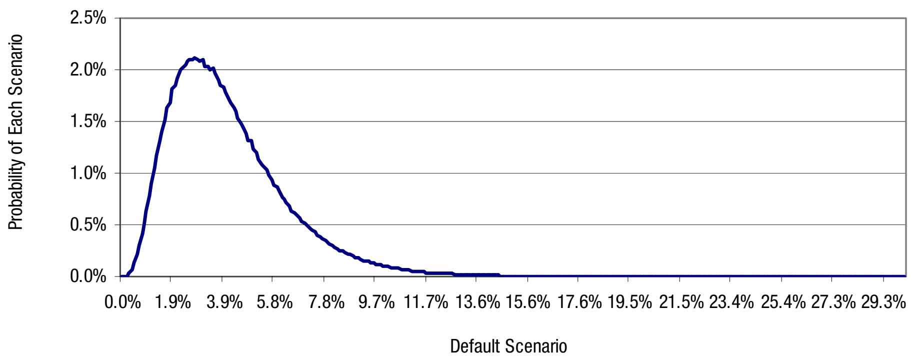


Chart 11:
Cumulative Recovery Rate per Quarter of Default
(Self-Employed Individuals)



As regards the correlation structure that takes into account the portfolio's characteristics, Moody's split the portfolio into 32 groups, and, with the purpose of reflecting the diversity shown by the exposures in the securitised portfolio, Moody's made different assumptions, both for the asset correlation within one group and for that between assets in different groups (the two factors in the Monte-Carlo model).

Chart 12:
Default Distribution



The Monte-Carlo simulation was then run, incorporating each exposure's size, default probability and implied asset correlation, thereby giving an outcome equal to the default probability distribution for the portfolio.

On the basis of this distribution as well as other assumptions for recoveries, delinquency and prepayments, and in order to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cash flow model that reproduces all deal-specific characteristics. The sensitivity to a variation in the initial assumptions was also tested. 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 which, combined with each series' expected average life, is consistent with the provisional ratings assigned.

Structural Analysis

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 ensured that the transaction is not affected by the bankruptcy of the originator or the servicer of the portfolio.

Legal Analysis

Moody's verified that the legal documents correctly reflect the structure of the deal, as well as the assumptions made in its analysis.

RATING SENSITIVITIES AND MONITORING

The ratings of the notes depend on the portfolio performance and counterparty ratings

Gesticaxia will, in its capacity as management company, prepare quarterly monitoring reports on the portfolio and on payments to the notes. These reports will detail the amounts received by the issuer during each collection period and will provide portfolio data.

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 ratings will be publicly announced and disseminated through Moody's Client Service Desk.

RELATED RESEARCH

Visit moodys.com for further details

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:

Analysis

– Banco Pastor, S.A., January 2006 (96272)

Issuer Profile

– Banco Pastor, S.A., January 2006

Credit Opinion

– Banco Pastor, S.A., August 2006

Performance Overview

– GC FTPYME Pastor 2, October 2006 (SF83677isf)
– GC FTPYME Pastor 2, November 2005 (SF65784isf)
– GC FTPYME Pastor 2, June 2005 (SF58054isf)
– EdT FTPYME Pastor 3, October 2006 (SF83676isf)

Pre-Sale Report

– EdT FTPYME Pastor 3, Fondo de Titulización de Activos, December 2005 (SF65747isf)
– GC FTPYME PASTOR 2, Fondo De Titulización De Activos, October 2004 (SF45521isf)

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)

Rating Methodology

– FTPYMES: Moody's Analytical Approach to Spanish Securitisation Funds Launched Under Government's FTPYMES Programme, October 2003 (SF27063)

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.

SF85442isf