STANDARD & POOR'S

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New Issue: GC Sabadell Empresas 2, Fondo de Titulizacion de Activos

€1 Billion Floating-Rate Notes

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€1 Billion Floating-Rate Notes

Ratings Detail

Class	Rating*	Amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A1	AAA	200.0	8.37	Three-month EURIBOR plus 35 bps	March 4, 2031
A2	AAA	747.5	8.37	Three-month EURIBOR plus 55 bps	March 4, 2031
B	A	40.0	4.37	Three-month EURIBOR plus 125 bps	March 4, 2031
C	BBB-	12.5	3.12	Three-month EURIBOR plus 175 bps	March 4, 2031

*Standard & Poor's ratings address timely interest and ultimate principal.

Transaction Participants	
Issuer	GC Sabadell Empresas 2, Fondo de Titulización de Activos (GC Sabadell Empresas 2)
Originator	Banco de Sabadell, S.A.
Arranger	GestiCaixa S.G.F.T, S.A.
Servicer	Banco de Sabadell, S.A.
Sociedad gestora (trustee)	GestiCaixa S.G.F.T, S.A.
Interest swap counterparty	Banco de Sabadell, S.A.
Transaction account provider (treasury and amortization account)	Banco de Sabadell, S.A.

Supporting Ratings

Institution/role	Ratings
Banco de Sabadell, S.A. as bank account provider, servicer, and interest swap counterparty	A+/Stable/A-1

Transaction Key Features*	
Closing date	March 27, 2008
Collateral	Leasing receivables to Spanish enterprises and self-employed borrowers
Country of origin	Spain
Significant concentrations	Top industry: real estate (18.88%). Top region: Madrid (28.82%). Top borrower: (0.97%)
Total receivables	€1 billion (6,418 contracts)
Weighted-average principal balance (€)	155,811.76
Weighted-average seasoning (months)	21.6
Delinquencies (30 or more days)	No loans in arrears at closing
Weighted-average interest rate (%)	5.3
Cash reserve (Mil. €/%)	31.2/3.12

*As of March 19, 2008.

Transaction Summary

Standard & Poor's Ratings Services has assigned credit ratings to the €1 billion floating-rate notes issued by GC Sabadell Empresas 2.

The originator, Banco de Sabadell S.A. (Banco Sabadell), at closing sold to GC Sabadell Empresas 2 a €1 billion closed portfolio of leasing receivables to Spanish enterprises and self-employed borrowers.

To fund this purchase, GestiCaixa, S.G.F.T., S.A., as trustee, issued three series of floating-rate, quarterly paying notes on behalf of GC Sabadell Empresas 2. Series A is divided in two classes, A1 and A2. Class A1 has a lock-up period of 15 months after the closing date.

The ratings on the notes issued by GC Sabadell Empresas 2 reflect the subordination of the respective classes of notes below them, the reserve fund, the presence of the interest rate swap, comfort provided by various other contracts, and the rating on Banco Sabadell (A+/Stable/A-1).

Notable Features

GC Sabadell Empresas 2 is the 13th ABS transaction completed by Banco Sabadell of its loans originated to small and midsize enterprise (SME), self-employed, and corporate clients. Banco Sabadell issued another transaction with leasing receivables as collateral, which closed in July 2006. This is the first transaction Standard & Poor's has rated.

The fund has the right to receive:

- All principal payments and prepaid amounts, except the payment of the residual value;
- All interest payments, excluding interest on the residual value; and
- Insurance and guarantor payments.

The ownership of the leased assets was not transferred to GC Sabadell Empresas 2; Banco Sabadell remains the lessor under the lease agreements.

This is the first Spanish transaction to include the option of setting up a contingent commingling reserve if the servicer is downgraded below 'A-2'.

Strengths, Concerns, And Mitigating Factors

Strengths

- Credit enhancement provided by subordination, the available excess spread, and the fully funded reserve fund is adequate to cover the various stresses applied to the transaction.
- Banco Sabadell is an experienced originator and servicer, with eight SME loan transactions, two RMBS transactions, and three leasing receivables transaction to date.
- A swap agreement hedges the interest rate risk and pays a spread of 25 bps, plus the servicer fees if the servicer is replaced, plus the weighted-average cost of bonds.
- Historical data was consistent and of good quality.

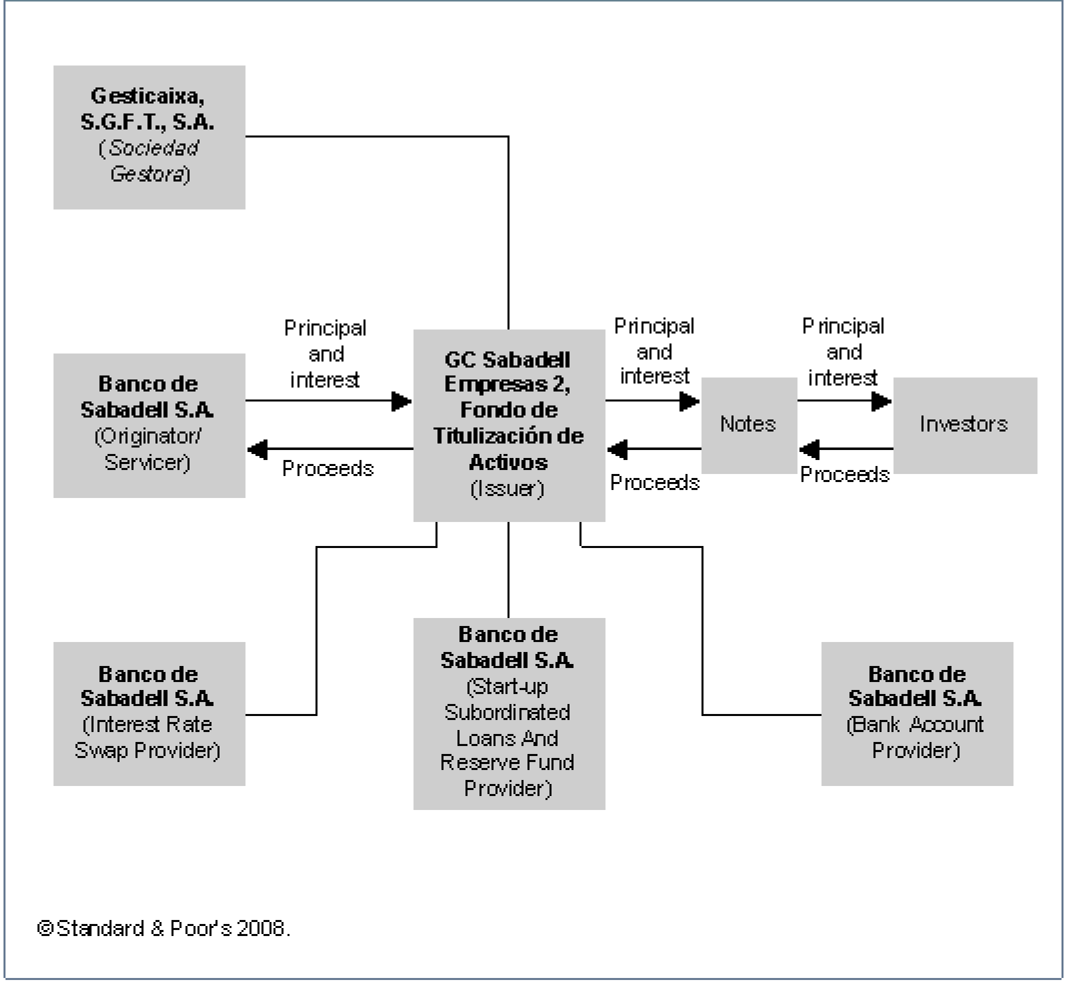
Concerns and mitigating factors

- There appears to be some doubt as to whether by law, in Banco Sabadell's insolvency, the lease contracts could be terminated at the request of the bank's insolvency officer. The priority of payments in the transaction includes those extraordinary expenses that may be necessary for the maintenance of the finance leases (see "Priority of payments"). A continuation of the leases would also enable the insolvency officer to earn the excess spread from the transaction. In addition, whilst the continuation should not be costly or burdensome for the insolvent estate—since the leases are financial in nature and do not involve any provision of maintenance or servicing by the bank—it is likely to be costly and time consuming to repossess and remarket the specific assets backing the contracts in a termination. Taking this and the legal advice reviewed into account, we consider the likelihood of an insolvency officer of the bank (assuming he would actually be entitled to do so by the letter of the law) terminating the lease contracts, to be rating-remote.
- Title to the leased assets remains with the lessor (Banco Sabadell) and the assets are neither transferred nor pledged or otherwise secured to or in favor of the fund. The fund's rights regarding the assets in case of the lessee's default are limited to a contractual claim against the lessor for transfer of the proceeds of realization of the assets. In an insolvency of the lessor, these claims would constitute an unsecured claim against the insolvent estate, ranking pari passu with other ordinary creditors. Based on this and the historical data provided by Banco Sabadell, Standard & Poor's has given limited credit to recoveries in its recovery assumptions to calculate the loss severity.
- Until the 15th month of the transaction, principal accrues in the issuer's bank account, and amortization of the notes starts on this payment date. However, the swap covers the negative carry created by the amortization of the assets and the non-amortization of the liabilities.

Transaction Structure

Chart 1 shows the transaction structure.

Chart 1: GC Sabadell Empresas 2, Fondo de Titulización de Activos Transaction Structure



Series A is divided in two subtranches: class A1 and class A2. The amortization between them is sequential. There are specific pro rata rules if certain conditions are met.

The transaction features a lockout period from closing lasting 15 months before it starts amortizing the class A1 notes.

As in other Spanish transactions, interest and principal from the underlying assets are combined into a single priority of payments, with cumulative default triggers and asset-liability tests triggers in the payment of the interest, to protect senior noteholders.

On the issuer's behalf, the sociedad gestora entered into certain contracts (bank accounts, a swap agreement, and two guarantee and subordinated loan agreements) needed to protect it against certain credit losses assumed to arise in connection with holding the leases. In this transaction, the sociedad gestora's main responsibilities are to represent the issuer, issue the notes on its behalf, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes and assets, and organize the annual audit.

Standard & Poor's based its analysis on the credit quality of the pool, its concentrations, and the structural features of the transaction.

Originator

The ratings on Spanish-based Banco Sabadell are supported by its strengthened franchise and more diversified profile, conservative growth management, sound asset quality track record, and healthy operating performance. These positive factors are counterbalanced by the bank's high exposure to the real estate sector, meaningful customer concentration, and lower business and geographic diversification than the largest domestic players.

Banco Sabadell has leveraged its strong position in its historical core market of SMEs in the Autonomous Community of Catalonia (AA/Stable/—), one of the richest and most economically diversified regions in Spain, to undertake prudently managed expansion, enhancing the depth and diversification of its business profile. The bank has successfully weathered the challenges posed by its significant enlargement after several acquisitions of commercial banks outside Catalonia and with different businesses profiles. Banco Sabadell's strong track record in integrating acquisitions allows it to consolidate the benefits from its past expansion and narrow the gap that still exists with the largest universal domestic players in terms of diversification and market position.

Banco Sabadell has a strong asset quality track record throughout the economic cycle. Sound credit risk management, the high share of low-risk residential mortgages to individuals in loan growth, and strong reserve cushions mitigate concerns about the seasoning of the bank's rapid credit growth in recent years in the context of an expected tougher economic environment. The high degree of customer concentration and meaningful exposure to real estate developers heighten Banco Sabadell's credit risk profile.

Banco Sabadell has healthy profitability, benefiting from still-healthy revenue generation stemming from its stronghold in its core market, and excellent cost management. These factors have given the bank the necessary flexibility to absorb the dilutive effect of some acquisitions, the past few years' compression of its net interest margin—which reversed in 2007—and the effect of strong regulatory general provisioning.

Banco Sabadell's solvency is just adequate after strong organic growth significantly increased leverage. Solvency benefits, however, from the bank's conservative capital management, particularly in its acquisition strategy.

Underwriting and collection policy

Banco Sabadell's strategy has always focused on medium to small companies in the Autonomous Community of Catalonia (AA/Stable/—). It benefits from an extended network of branches throughout Spain (mainly in Catalonia) for loan origination purposes. It has developed internally a consistent scoring system and has strong procedures for its credit approval and recovery processes. Banco Sabadell outsources IT with a leading international company. If the IT system crashes, Banco Sabadell would be able to get all the information back in less than one day.

Priority of payments

The issuer pays the interest due to the noteholders quarterly in arrears. The available funds used to pay the different issues of the priority of payments described below include the proceeds of the interest swap, the reserve fund, and, if necessary, principal received under the loans and any other proceeds received in connection with the loans.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger ensures that in a stressful economic environment, the more senior notes amortize before interest on the subordinated classes of notes is paid. The priority of payments is:

- Fees, and ordinary and extraordinary expenses (extraordinary expenses include those expenses that may be necessary for the maintenance of the finance lease contracts);
- Net payments under the swap agreement and swap termination payments due to a default or breach of contract by the fund;
- Interest on the class A1 and A2 notes;
- Interest on the class B notes, if not deferred;
- Interest on the class C notes, if not deferred;
- The amortization amount;
- Deferred class B note interest;
- Deferred class C note interest;
- Replenishment of the cash reserve;
- Interest and principal payments under the subordinated loan;
- Swap termination payments due to a default or breach of contract by the swap counterparty;
- Interest payments and principal repayments under the subordinated start-up loan;
- The servicer fee (if the servicer is replaced, the new servicer fee becomes senior in the waterfall); and
- Brokerage fees.

Interest payments on the class B notes are deferred when on a payment date the cumulative outstanding balance of defaulted loans (with amounts in arrears greater than 12 months) represents more than 5.92% of the outstanding balance of the pool at closing.

Interest payments on the class C notes are deferred when on a payment date the cumulative outstanding balance of defaulted loans (with amounts in arrears greater than 12 months) represents more than 3.62% of the outstanding balance of the pool at closing.

Swap

On Sabadell Empresas 2's behalf, the trustee entered into a swap agreement with Banco Sabadell. This swap provides protection against adverse interest rate resetting and movements.

The issuer pays the swap counterparty the total of interest accrued on the performing loans, plus the interest earned on the treasury account and amortization account.

The issuer receives from the swap counterparty an amount equivalent to the weighted-average coupon on the notes, plus 25 bps per year on the outstanding balance of the notes, plus servicer fees if it is replaced. The swap notional is the outstanding balance of the notes.

The minimum rating required to be the swap counterparty is 'A-1', so if Banco Sabadell is downgraded below 'A-1', remedy actions should be taken following Standard & Poor's "Revised Framework For Applying Counterparty And Supporting Party Criteria" (see "Criteria Referenced").

The downgraded counterparty bears all costs of the remedies.

Cash reserve

The structure benefits from a cash reserve fund fully funded by a subordinated loan granted by the originator at closing. The initial required amount is equivalent to 3.12% of the initial balance of the assets securitized. The reserve fund is used to pay interest and principal on the notes if insufficient funds are available.

The reserve fund is fixed for the first two years, and it can amortize after this initial period. It will not amortize if, on a previous payment date, it was not at its required minimum level, or if the arrears ratio (three months past due and lower than 12 months past due) is greater than 1%. Then it will be the lesser of:

- 1.56% of the initial outstanding balance of the notes; and
- 5% of the outstanding principal balance of the notes.

Commingling reserve

If at any time Banco Sabadell as servicer is downgraded below a short-term Standard & Poor's rating of 'A-2', then:

(A) Either:

- As soon as reasonably practicable, and in any event within 30 calendar days, the servicer, at its own cost, will procure an eligible and suitably rated guarantor with at least a short-term rating of 'A-1'. The guarantor will provide the issuer with a first-demand unconditional, irrevocable guarantee in an amount equal to the commingling reserve amount to be applied towards payment to the issuer of any amounts the servicer is obliged to pay or remit to the issuer for the loans, but fails to pay or remit. This amount, if required to be paid, is deposited in an issuer bank account to be opened and maintained in accordance with the bank account agreement and the cash management agreement. The guarantee is subject to Standard & Poor's review and approval at the time the downgrade occurs; or
- As soon as reasonably practicable, and in any event within 10 calendar days, the servicer will: (i) deposit to an issuer bank account to be opened in the name of the issuer and maintained in accordance with the bank account agreement and the cash management agreement, respectively, an amount equal to the commingling reserve amount to be applied towards payment to the issuer of any amounts the servicer is obliged to pay or remit to the issuer for the loans, but fails to pay or remit due to the servicer's insolvency.

(B) The servicer will request Standard & Poor's written confirmation that the ratings on the notes will not be adversely affected.

The commingling reserve amount is initially equal to one month of interest and principal collections, having stressed the historical conditional prepayment rate of the originator's leasing contacts.

Amortization of the notes

Unless redeemed earlier, the notes will be redeemed at their legal final maturity, 42 months after the maturity of the longest-term loan in the pool.

Amortization occurs:

- For the class A1 notes (soft bullet), from the 15th month after the closing date;
- For the class A2 notes, once the class A1 notes are fully amortized, until they are fully redeemed;
- For the class B notes, once the class A2 notes are fully redeemed; and
- For the class C notes, once the class B notes are fully redeemed.

The available amortization fund on each payment date is equal to the difference between:

- The principal outstanding balance under all the classes of notes; and
- The principal outstanding balance of all outstanding loans no more than 12 months in arrears.

The amortization of the class A notes is sequential unless the proportion of: (i) the outstanding balance of non-delinquent loans, plus the amounts of the amortization account, plus the amounts received from the assets during that period, and (ii) the outstanding balance of the class A1 and A2 notes, is lower than or equal to one.

The class B and C notes amortize pro rata with the class A1 and A2 notes if:

- The ratio of the aggregate balance of delinquent loans to the aggregate balance of non-doubtful loans is below 1.5% for the class B notes and below 1.25% for the class C notes;
- The total outstanding principal balance of the class B and C notes represents at least twice their original percentage of the outstanding principal balance of all the notes;
- The cash reserve is at the required amount on the previous payment date; and
- The total outstanding balance of the SME loan portfolio is equal to or higher than 10% of the initial balance of the SME loan portfolio.

Collateral Description

The pool to be securitized comprises a portfolio of leasing receivables to Spanish enterprises and self-employed borrowers. Table 1 shows the main characteristics of the contracts to be securitized.

Table 1

Main Characteristics Of Contracts	
Number of loans	6,418 financial lease contracts
Number of borrowers – maximum concentration by borrower (over the issue amount €1 billion)	4,351 borrowers: top one (0.97%); top five (4.46%); and top 10 (8.32%)
Outstanding balance	999,999,901.45
Minimum and maximum loans	€27,155.97–€9,334,312.16
Type of financial leasing	Real estate (50.04%) and non-real estate (49.96%)
Purpose (four biggest)	Warehouses (27.43%), business or office building (19.87%), machinery (11.94%), trucks (7.07%), and specific complex facilities (5.91%)
Weighted-average margin (%)	0.69
Weighted-average interest rate (%)	5.30
Reference index	EURIBOR (93.43%), Fijo (6.54%), and MIBOR (0.03%)
Weighted-average maturity (years)	7.51
Weighted-average seasoning (years)	1.80
Industry concentration (top four):	Real estate (18.88%), wholesale trade (8.93%), land transport (8.60%), and construction (8.05%)
Loans > €1,000,000	122 leasing – €279,584,738.49
Geographic concentration	Madrid (28.82%), Barcelona (19.66%), Valencia (9.01%), and Asturias (4.60%)
Weighted-average LTV ratio (%)	61.50

Eligibility criteria apply to the receivables acquired at closing and to any leases acquired over the life of the transaction. They include:

- Leases are binding under the applicable laws.
- All the information given is true and correct and reflects the situation of the mortgage loans.
- All the leases are denominated and payable in euros.

- All leases are direct debit.
- The loans were granted with maturities higher than one year.
- All the loans comply with Banco Sabadell's underwriting criteria.
- No leases were in arrears on the closing date.
- Leases granted to developers are limited to 0.5% of the final pool.
- No leases are granted to developers with land financing purposes.
- On the closing date, 50% were real estate leases and 50% unsecured leases.
- None of the leases has a maturity earlier than June 30, 2009.
- On the closing date, none of the borrowers represented more than 1.19%.
- There are no legal issues in connection with the leases.
- Leases granted to self-employed borrowers do not represent more than 2.90% of the pool at closing.
- There are no leases with bullet payments.
- There are no leases granted to financial institutions.

Credit Analysis

Standard & Poor's conducted an actuarial analysis on historical data provided by the originator to assess the credit risk of the pool. With the historical data provided by the originator, Standard & Poor's can determine a foreclosure probability and a loss rate at each rating level. The product of these two variables gives an estimate of the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Default assumption

In the transaction, the loss is recognized as soon as an agreement defaults, if it is more than 12 months in arrears. The calculation of the cumulated default base-case assumption was based on the historical annual and quarterly data provided by Banco Sabadell (see charts 2 and 3). The base-case was set at 2%.

Chart 2

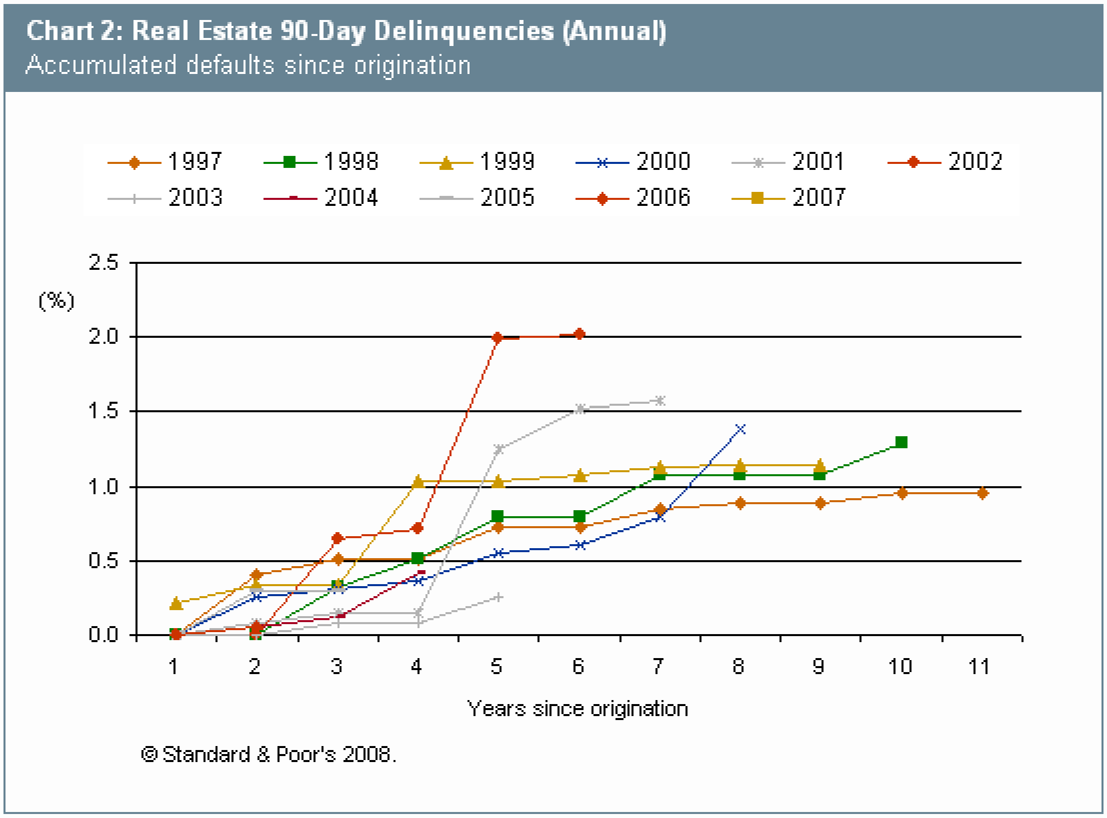
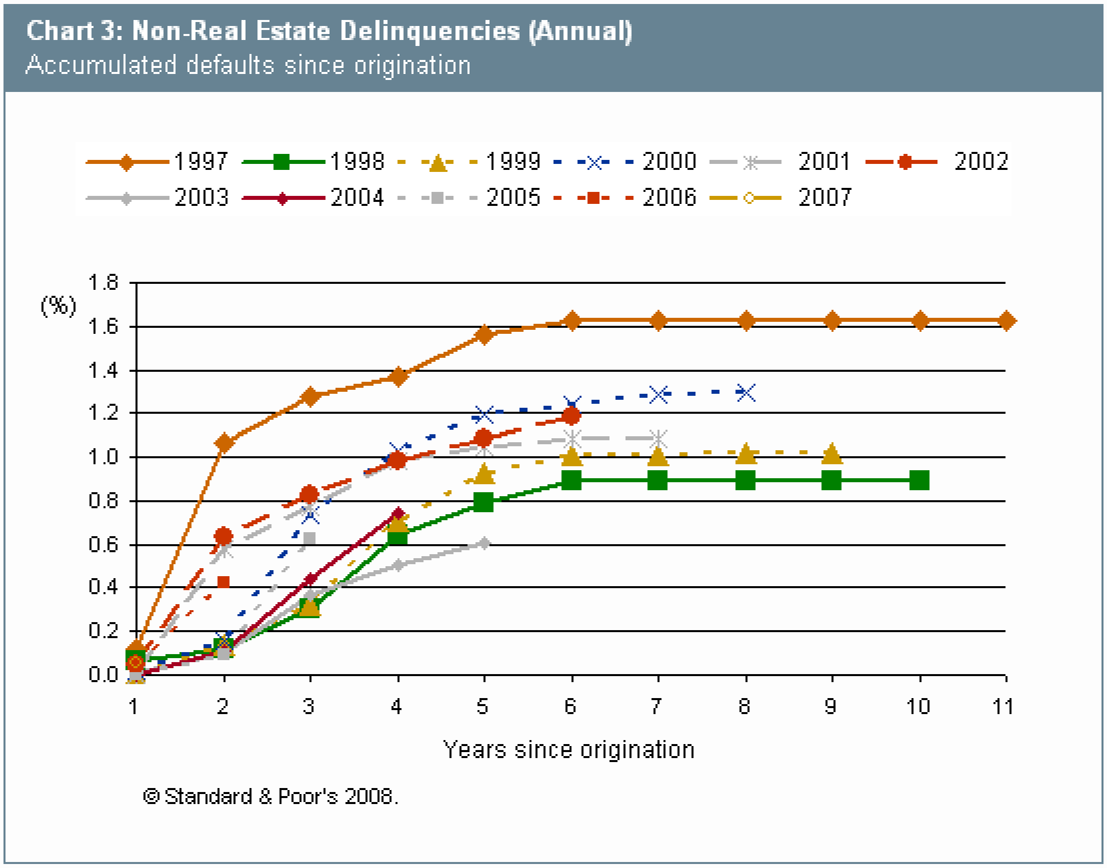


Chart 2: Real Estate 90-Day Delinquencies (Annual)
Accumulated defaults since origination
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2.5
(%)
2.0
1.5
1.0
0.5
0.0
1
2
3
4
5
6
7
8
9
10
11
Years since origination
© Standard & Poor's 2008.

Chart 3



Recoveries

The title to the leased assets remains with the originator. In case of insolvency, the insolvency administrator may not be bound by this contractual agreement, and installments due to the fund would rank pari passu with all ordinary creditors of the insolvent assignor. We made our loss severity assumption (100%—recovery scenario for each rating level), taking into account this feature and the recovery historical data provided by Banco Sabadell (see charts 4 and 5).

Chart 4

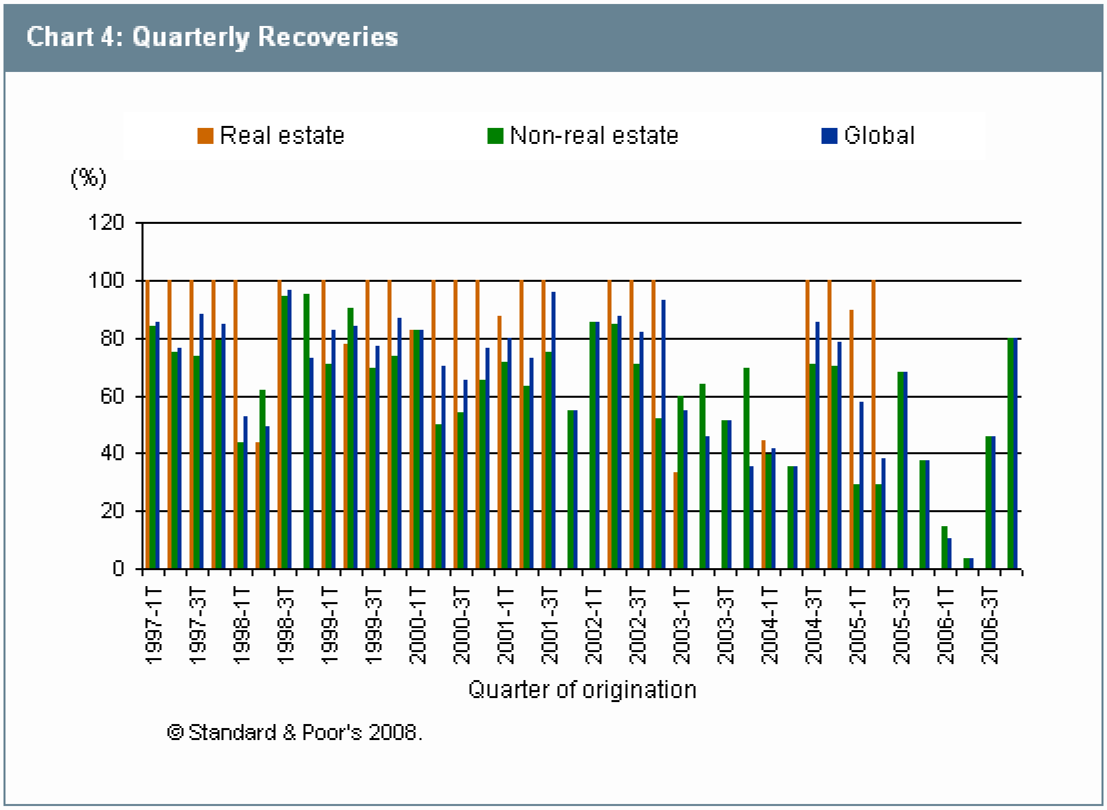
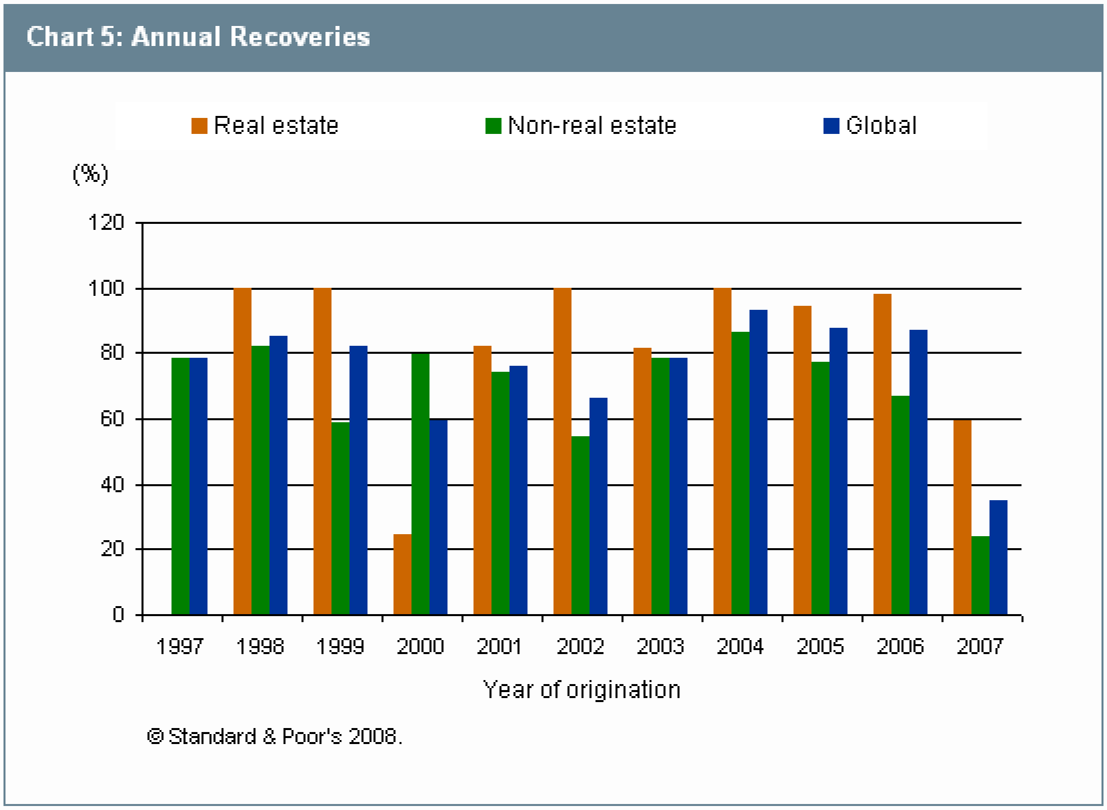


Chart 4: Quarterly Recoveries
Real estate
Non-real estate
Global
(%)
120
100
80
60
40
20
0
1997-1T
1997-3T
1998-1T
1998-3T
1999-1T
1999-3T
2000-1T
2000-3T
2001-1T
2001-3T
2002-1T
2002-3T
2003-1T
2003-3T
2004-1T
2004-3T
2005-1T
2005-3T
2006-1T
2006-3T
Quarter of origination
© Standard & Poor's 2008.

Chart 5



Cash Flow Analysis

Prepayments

Prepayments correspond to the early exercise of the purchase option by the leasing receivables. Standard & Poor's stressed the annual prepayment rate up to 24.0% and down to 0.5%.

Yield

Standard & Poor's modeled the assets as yielding the minimum rate guaranteed by the eligibility criteria.

Commingling

Standard & Poor's did not model any commingling stress, as there is downgrade language that sets up the foundation of a contingent commingling reserve if the administrator is downgraded below 'A-2' (see "Commingling Reserve").

Timing of defaults

Standard & Poor's assumes defaults occur periodically in amounts calculated as a percentage of the default rate (DR). The timing of defaults in this transaction follows one path, referred to here as "equal" defaults. This timing is shown in table 2.

Table 2

Default Timing Equal Default Curve

Percentage of DR	Month when percentage is applied
1/3	1
1/3	13
1/3	25

Timing of recoveries

For this transaction, Standard & Poor's assumes that the issuer would regain any recoveries 20 months after a payment default. The value of recoveries at the 'AAA' level will be 100% minus the loss severity assumed at each rating level.

Interest and prepayment rates

Standard & Poor's modeled three interest rate scenarios—up, down, and flat—using both high and low prepayment assumptions. Interest rates were 4.5% at the time of modeling and were modeled to rise by 2% a month to a cap of 12% ("up" scenario) and a floor of 2% ("down" scenario).

Monitoring And Surveillance

Standard & Poor's maintains continual surveillance on the transaction until the notes mature or are otherwise retired. To do this, Standard & Poor's analyzes regular servicer reports detailing the performance of the underlying collateral, monitors supporting ratings, assesses pool cuts, and makes regular contact with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

Key performance indicators for this transaction include:

- The performance of the underlying portfolio, including defaults and delinquencies;
- The composition of the portfolio and its different concentrations;
- The supporting ratings in the transaction; and
- The servicer's operations and its ability to maintain minimum servicing standards.

Criteria Referenced

- "Revised Framework For Applying Counterparty And Supporting Party Criteria" (published on May 8, 2007).
- "Global Interest Rate and Currency Swaps: Calculating the Collateral Required Amount" (published on Feb. 26, 2004).
- "Standard & Poor's Global Interest Rate and Swap Counterparty Rating Criteria Expanded" (published on Dec. 17, 2003).
- "European Legal Criteria for Structured Finance Transactions" (published on March 23, 2005).
- "European Consumer Finance Criteria" (published in March 2000).

Related Articles

- "European Structured Finance Performance Outlook 2007—Fundamental Risks Increasing, But Forecast For Ratings Remains Benign" (published on Jan. 10, 2007).
- "European ABS Outlook H2 2007—Inclusion Of SME Transactions Adds To Sharp Rise In ABS Issuance" (published on July 31, 2007).
- "Why Structured Finance Ratings Can Change Over Time" (published on July 27, 2006).
- "The Spanish Banking System Is Well Equipped To Face The Real Estate Market Slowdown" (published on Nov. 15, 2007).
- "Research: Banco de Sabadell, S.A." (published on March 12, 2008).
- "FCC AUTO ABS Compartiment 2006-1 Presale Report" (published on June 30, 2006).

All criteria and related articles are available on RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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