GC FTPYME Pastor 6, 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 November 2008. 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

[28 November 2008]

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PROVISIONAL (P) RATINGS

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
AS	(P)**Aaa**	€179.20	35.84	Oct. 51	3mE + [•]%
AG	(P)**Aaa**	€202.00	40.40	Oct. 51	3mE + [•]%
B	(P)**A2**	€61.30	12.26	Oct. 51	3mE + [•]%
C	(P)**Baa3**	€57.50	11.50	Oct. 51	3mE + [•]%
Total		€500.00	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

- Guarantee from the Kingdom of Spain for Series AG.
- Excess spread-trapping mechanism through an 18-month "artificial write-off".
- Swap agreement guaranteeing an excess spread of 0.85% and covering the servicing fee if Banco Pastor is substituted as servicer of the pool.
- A cash reserve will be funded up front for an amount equal to 13.76% of the initial outstanding portfolio.
- 66.61% of the portfolio is backed by first-lien mortgages.
- The management company will identify a Back-up Servicer if Banco Pastor 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
- Commingling risk is mitigated by several provisions. Borrower payments made during a calendar month will be "swept" into the treasury account within the first five business days of the following month. If Banco Pastor's short-term rating falls below **P-1**, it will have two options (i) transfer the borrower payments on a daily basis to a treasury account in a **P-1** institution; or (ii) obtain a first demand guarantee to cover the two months with the highest collections during the last year from a **P-1** rated institution, with the purpose of minimising the amount of the pool proceeds that fall into the servicer's bankruptcy state (see Banco Pastor's duties as servicer and originator below)

Weaknesses and Mitigants

- Around 41.5% of the portfolio obligors are concentrated in the Building and Real Estate sector according to Moody's industry classification.
- 17.86% of the portfolio comprises bullet loans.
- Moody's has recently downgraded four classes of notes issued by GC FTPYME Pastor 4 due to a high level of arrears.
- The effective number is 585, calculated considering the provisional portfolio. However, as the definitive portfolio will be selected totalling €500 million of this approximately €543 million portfolio and no criteria or additional comforts limiting top obligor selection are available (nor will the portfolio be available before the Notes are issued), Moody's has treated this in its quantitative assumptions similar to many other Spanish SME transactions by taking the most concentrated portfolio (see Moody's analysis for more details). For comparative purposes, this reduces the effective number to 403 in Moody's quantitative analysis.
- The pro-rata amortisation of Series B and C 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 if the performance of the transaction deteriorates.
- The deferral of interest payments on each of Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on Series B and C. The 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 6, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Originator:	Banco Pastor, S.A. (**A2**/**P-1 negative outlook**)
Servicer:	Banco Pastor
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	15 March, 15 June, 15 September, 15 December
	First payment date: 16 March 2009
Credit Enhancement/Reserves:	0.85% excess spread 13.76% reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account Guarantee from the Kingdom of Spain (**Aaa**/**P-1**) for Series AG
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:	GestiCaixa
Lead Managers:	Banco Pastor

COLLATERAL SUMMARY (AS OF NOVEMBER 2008) *(see page 7 for more details)*

Receivables:	Loans to Spanish Small and Medium Enterprises and Self Employed
Total amount:	€558.8 million
Number of Contracts:	3,339
Number of Borrowers:	3,103
Geographic Diversity:	Galicia (24.67%), Catalonia (15.35%), Madrid (10.52%)
WA Seasoning:	1.20 years
WA Remaining Term:	12.40 years
Interest Basis:	99.79% floating, 0.21% fixed
WA Interest Rate:	5.88%
Delinquency Status:	No loans more than 30 days in arrears at the time of the securitisation
Historical Experience:	Default, recovery and prepayments information provided

INTRODUCTION

FTPYME Programme

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 2008. The amount assigned by the Ministry has increased sharply from the maximum historical amount of €1.0 billion assigned in 2002, 2003 and 2004, to the current level of €3 billion. The following is a summary of its principal conditions:

1. Securitised assets must be loans (i) originated by institutions that have previously signed an agreement with the Ministry of Economy; (ii) granted to non-financial enterprises based in Spain; and (iii) with an initial maturity of more than one year.
2. At least 90% 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 (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. 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 €7.7 billion; i.e. no further tranches could be guaranteed beyond this limit even if the guarantee budget has not been fully allocated.

TRANSACTION SUMMARY

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

GC FTPYME Pastor 6, FTA (the "Fondo") is a securitisation fund created with the aim of purchasing a pool of loans granted by Banco Pastor to Spanish SMEs and self employed, in compliance with the conditions required by the FTPYME programme to qualify for the Spanish Treasury guarantee.

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

- A subordinated Series C, rated (P)**Baa3**
- A mezzanine Series B, rated (P)**A2**
- A senior tranche composed of two (P)**Aaa**-rated series: a subordinated Series AG, and a senior Series AS

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 €1 million subordinated loan provided by Banco Pastor to fund the up-front expenses and the costs of issuing the notes.

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

The provisional pool comprises 3,339 loans and 3,103 Spanish enterprises and self employed as borrowers, which 92.80% are SMEs according to the European Commission definition. Given the location of the originator, the pool is concentrated in Galicia (24.67%), Catalonia (15.35%), and Madrid (10.52%). According to Moody's industry classification, it is around 41.5% concentrated in the "buildings and real estate" sector. 66.61% of the pool is secured by a first-lien mortgage guarantee over different types of properties.

Moody's primarily based the provisional ratings 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.

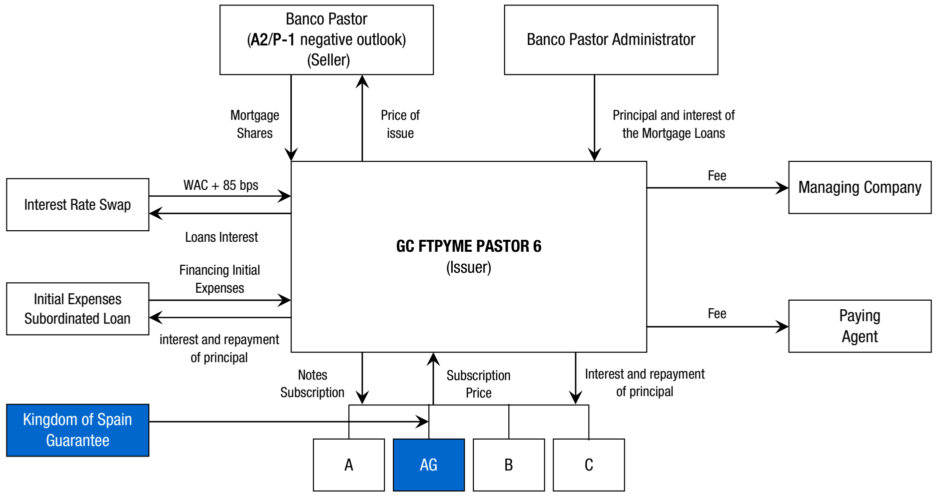
Moody's ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date in October 2051.

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 (i) the weighted-average coupon on the notes plus 85 bppa, over a notional calculated as the daily average of the outstanding amount of loans not more than 90 days in arrears since the last payment date; and (ii) the servicer fee due on that payment date if Banco Pastor is 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.

If Banco Pastor's long-term rating is downgraded below **A2**, within 30 business days it will have to (i) collateralise its obligation under the swap in an amount sufficient to maintain the then current rating of the notes; and/or (ii) 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

The reserve fund will be funded up-front through three subordinated loans provided by Banco Pastor. It will be used to cover any potential shortfall on items (1) to (8) 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:

– 13.76% of the initial balance of the notes
– The higher of:
  - 27.52% of the outstanding balance of the notes
  - 6.88% 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.

Triggers are in place to protect the treasury account from a possible downgrade of Banco Pastor's short-term rating. If this rating falls 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.

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). Some limitations have been put in place:

– Banco Pastor will not be able to extend the maturity of any loan later than April 2048
– 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

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 if Banco Pastor is 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 AS and AG and reimbursement of any amount obtained from the Kingdom of Spain on previous payment dates to cover any potential shortfall on interest payment to Series A2(G)
4) Interest payment to Series B (if not deferred)
5) Interest payment to Series C (if not deferred)
6) Retention of an amount equal to the principal due under the notes
7) Interest payment to Series B (if deferred)
8) Interest payment to Series C (if deferred)
9) Replenishment of the reserve fund
10) Interest payment on the reserve fund subordinated loans
11) principal payment on the reserve fund subordinated loans
12) Termination payment under the swap agreement (except in the cases contemplated in 2) above)
13) 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 will be 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 and C 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 35% and 23% of the initial amount of the pool for Series B and C, 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 (i) the outstanding amount of the notes (plus any amount due to the Spanish Treasury by reason of principal); and (ii) the outstanding amount of the non-written-off loans (the "written-off loans" 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 (NPL) loan; 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.

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 AG will be covered by the guarantee from the Kingdom of Spain.

Principal due allocation mechanism

The amount retained as principal due on item (6) in the order of priority will be allocated according to the following rules:

1) The amount retained as principal due will be allocated pro-rata between Series AS and Series AG, if the aggregate outstanding amount of Series AS, AG and reimbursement of any amount obtained from the Kingdom of Spain on previous payment dates to cover any potential shortfall on interest payment to Series AG is equal to or greater than the outstanding amount of performing loans (including loans up to 90 days in arrears) plus the principal received from the portfolio during the last three natural months.

2) Notwithstanding rule (1), from the payment date on which the initial amount of Series B and C exceeds 23% and 24.52%, respectively, of the outstanding amount under all series, pro-rata between the following items:

    i. Amortisation of Series AS and AG

    ii. Amortisation of Series B

    iii. Amortisation of Series C

    Ensuring that the following conditions are met:

    - The arrears level is below 1.25% and 1.00% for Series B and C 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 AS and AG 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 AG in the principal due allocation mechanism stated above.

COLLATERAL

Pool of loans granted to Spanish SME

As of November 2008, the provisional portfolio comprised 3,339 loans and 3,103 borrowers (62.14% being enterprises and 37.86% 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 and self employed based in Spain, 92.80% of which are SMEs according to the European Commission definition.
- The loans are repaid by direct debit and have paid at least one instalment.
- 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 real estate developer loans or lease contracts.

The loans have been originated between 2005 and August 2008, with a weighted-average seasoning of 1.20 years and a weighted-average remaining term of 12.40 years. The longest loan matures in April 2048.

The majority of the loans pay monthly instalments of interest (65.79%) and principal (61.11%), although 11.82% of the pool enjoys a grace period on principal payments. 17.86% of the loans are bullet loans.

The interest rate is floating for 99.79% of the pool and fixed for the rest. The weighted-average interest rate of the pool is 5.88%.

66.61% of the outstanding of the portfolio is secured by 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 (LTV) is 63.90%:

Table 1:

Type of Property	**%**
Residential	49.09%
Commercial	13.06%
Industrial	8.53%
Urban land	19.55%
Rural land	6.54%
Other	3.23%

The remaining 33.39% of the portfolio is secured by a personal guarantee and other types of real guarantees.

Geographically, the pool is concentrated in Galicia (24.67%), Catalonia (15.35%), Madrid (10.52%). Around 41.5% 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 1.0% of the amount of the issuance.

Chart 2:
Portfolio Breakdown by Year of Origination

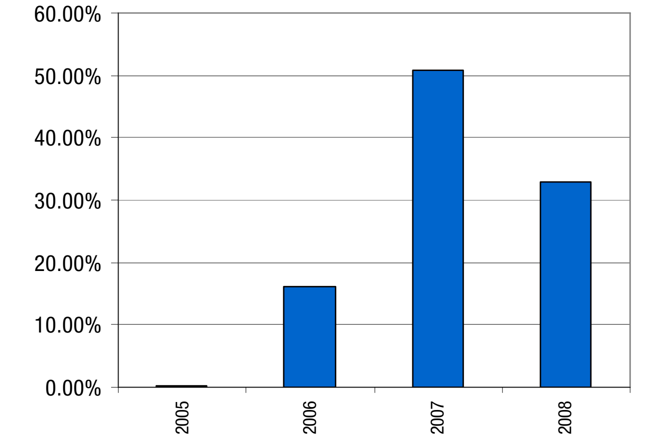


Chart 3:
Portfolio Breakdown by Year of Maturity

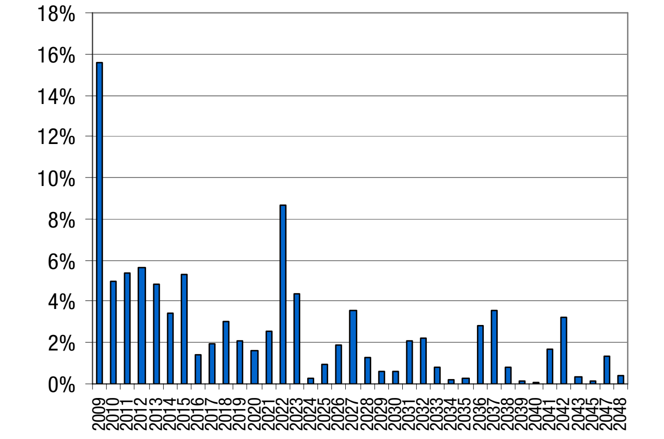


Chart 4:
Portfolio Breakdown by Geographic Diversity

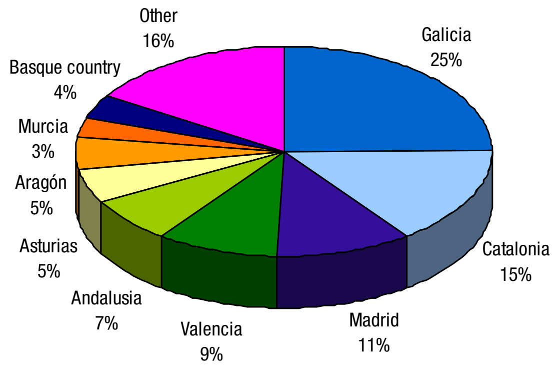


Chart 5:
Portfolio Breakdown by Industry Diversification

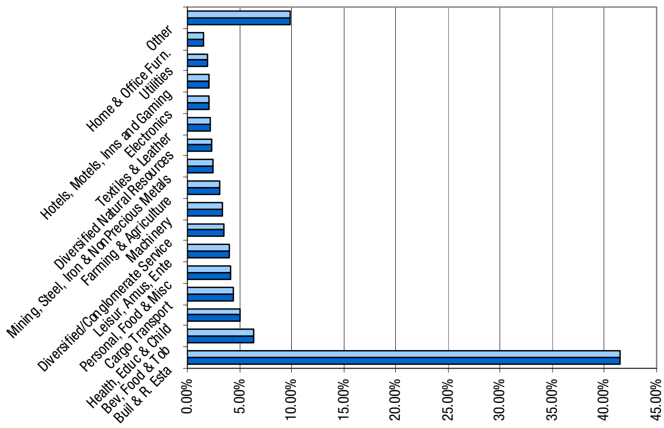


Chart 6:
Portfolio Breakdown by Frequency of Payments

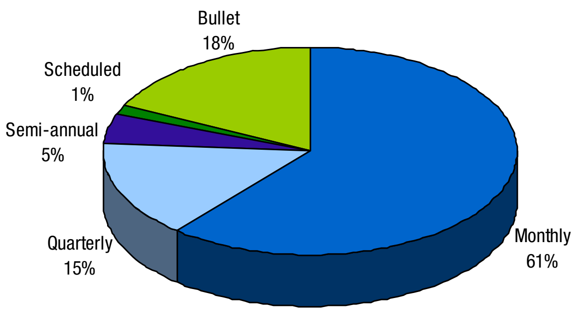
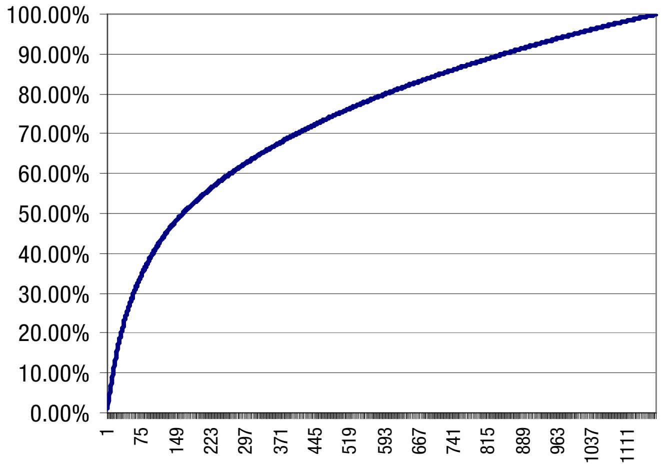


Chart 7:
Debtor Concentration



At closing there will be no loans more than 30 days past due.

ORIGINATOR, SERVICER, PAYING AGENT AND MANAGEMENT COMPANY

Banco Pastor has been downgraded recently

On 15 September 2008, Moody's downgraded Banco Pastor's long-term bank deposit and senior debt ratings to **A2** from **A1**, and the bank financial strength rating (BFSR) to C from C+. The **P-1** short-term debt and deposit rating was affirmed at **Prime-1**. The outlook on the long-term debt and deposit ratings and the BFSR is negative.

The bank's significant growth in recent years has been concentrated outside its home region, and the areas of expansion have concentrated the exposure to real estate and also accounted for a substantial part of rising delinquencies. In 2008, the bank recorded a rapid deterioration in asset quality, with the level of problem loans more than doubling in the first six months of the year. Moody's downgrade also reflects the high concentration per borrower, with the majority of the largest exposures being real estate developers or construction companies,"

Moody's negative outlook on the BFSR and debt and deposit ratings reflects the concern that Banco Pastor's asset quality may continue to deteriorate further in the coming months, and therefore a progressive reduction in the bank's ability to face an increase in delinquencies without impacting profitability, efficiency, capital adequacy or impairing Banco Pastor's franchise. At the end of June 2008, the NPL ratio stood at 2.16% (up from 0.99% at year-end 2007 and excluding securitised assets de-recognised from the balance sheet due to the transfer of credit risk) and the coverage ratio was 104%, down from 230% at year-end 2007.

Banco Pastor is the 19th largest financial institution in Spain by total assets as of March 2008 and a leading player in its home region of Galicia, where the bank has a combined market share of 10.28% in loans and deposits. Banco Pastor is increasingly growing its network outside its home region. Although its national market share remains modest, 61% of the bank's branches were located outside its home territory as at the end of December 2007 (up from 40% in September 2003). The bank now has branches in every Spanish region, but has focused its commercial efforts on Madrid and the regions along the Mediterranean coast (Catalonia, Valencia, Murcia and Andalucia). As at the end of March 2008, Galicia accounted for 22% of Banco Pastor's lending and 30% of the bank's pre-provision income. The increased geographical diversification has been achieved without compromising the bank's position in Galicia where it has been able to increase market share. Despite having some capital markets activity, the contribution to profits is limited. The bank has a high degree of predictability on its earnings as a result of the large contribution from retail banking.

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. If Banco Pastor's short-term rating falls below **P-1**, it will have two options (i) transfer the borrower payments on a daily basis to a treasury account in a **P-1** institution; or (ii) obtain a first demand guarantee to cover the two months with the highest collections during the last year from a **P-1** rated institution, with the purpose of minimising the amount of the pool proceeds that fall into the servicer's bankruptcy state.

If Banco Pastor fails to perform its obligations as servicer; is 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. In addition, if Banco Pastor's long-term rating falls below **Ba2** it will have two options (i) to notify the debtors to perform the sale and to pay to a treasury account in a **P-1** institution; or (ii) obtain a first demand guarantee to cover the three months with the highest collections during the last year from a **P-1** institution.

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

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*. If Banco Pastor's short-term rating falls below **P-1**, it will have to be replaced in its role of paying agent by a suitably rated institution within 30 labour days.

Management Company

Gesticaixa is an experienced management company in the Spanish securitisation market. 79.45% belongs to 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 manages 30 securitisation funds.

MOODY'S ANALYSIS

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

Given the granularity of the portfolio (see section entitled Collateral), Moody's has assumed that the default distribution of the portfolio follows an inverse normal distribution.

Moody's has tested a **mean cumulative default** on the total collateral portfolio in the range of **15.75%-16.50%** and a **coefficient of variation** of the default distribution in the range of **45%-55%**. This assumption is mainly based on the historical information received from the originator and the portfolio characteristics in terms of, among others, borrower exposure, industry concentration, and geographic concentration. In deriving its assumptions, Moody's also took into account: (i) the statistical information on the Spanish SME market; (ii) the expectation of a less favourable macro-economic environment; (iii) Moody's ratings (whether public or using credit estimates) for some of the companies or their affiliates; (iv) the performance of similar deals; and (v) other qualitative aspects, such as the expectations of potential worst performance expectations of real estate companies.

Recoveries were estimated based on (i) historical information received for this transaction; (ii) statistical information on the Spanish SME market; (iii) Moody's statistical information on the EMEA SME/corporate market; (iv) mortgages and other types of guarantees in the portfolio; and (v) other qualitative and pool-derived aspects. The **mean** value assumed for the **recovery distribution** was in the range of **45%- 55%**, while the **standard deviation** of the recovery distribution was in the range of **15% -25%**.

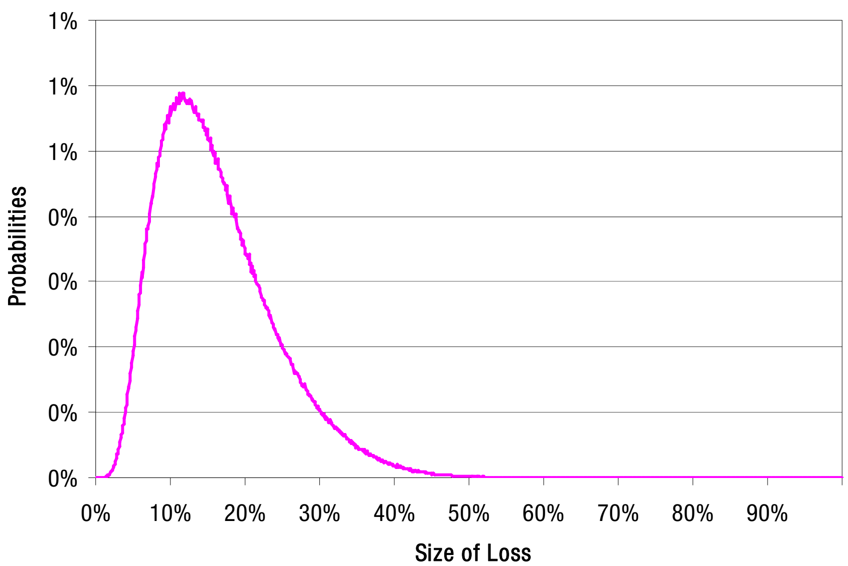
Moody's quantitative analysis also tested assumptions for **prepayments** which were partly derived from historical and statistical information, as well as qualitative assessments. The values tested were in the range of **5%-10%**.

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

An inverse normal probability distribution (based on the values derived for the mean default and standard deviation) was applied to numerous default scenarios on the asset side to derive the level of losses on the notes.

Expected loss and average life levels relative to the ratings assigned to each tranche were computed, by weighting each scenario's severity and average life result on the notes, with its probability of occurrence. An example of the application of the inverse normal distribution of defaults with their relative probability is below.

Chart 8:
Default Distribution



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

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.

Gesticaixa, in its capacity as management company, has committed to provide Moody's with data from which certain pool level performance data can be obtained. Moody's considers the amount of data currently available on the reports to be acceptable for monitoring collateral performance. If Moody's access to the reports is curtailed or adequate performance information is not otherwise made available to Moody's, Moody's ability to monitor the ratings may be impaired. This could negatively impact the ratings or, in some cases, Moody's ability to continue to rate the notes

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 (SF83677)
– GC FTPYME Pastor 2, November 2005 (SF65784)
– GC FTPYME Pastor 2, June 2005 (SF58054)
– EdT FTPYME Pastor 3, October 2006 (SF83676)

Pre-Sale Report

– EdT FTPYME Pastor 3, Fondo de Titulización de Activos, December 2005 (SF65747)
– GC FTPYME PASTOR 2, Fondo De Titulización De Activos, October 2004 (SF45521)

Special Report

– Moody's Spanish SME Loan-Backed Securities Index, April 2004 (SF35231)
– Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)
– Moody's Approach to Rating ith-to-Default Basket Credit-Linked Notes", April 2002 (SF13090)
– Moody's Spanish SME Loan-Backed Securities Index, April 2004 (SF35231)
– Structural Features in the Spanish RMBS Market – Artificial Write-Off Mechanisms: Trapping the Spread", January 2004 (SF29881)
– Moody's Approach to Rating ith-to-Default Basket Credit-Linked Notes", April 2002 (SF13090)
– Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
– Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)

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.

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