

FonCaixa Hipotecario 1, Fondo de Titulización Hipotecaria, Bonos de Titulización Hipotecaria

Spain

CLOSING DATE:

July 21, 1999

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TRANSACTION IN BRIEF

	Senior Series A	Subordinated Series B
Rating:	Aaa	A1
Amount:	€585,300,000	€14,700,000
Coupon:	3 month Euribor + 15bp	3 month Euribor + 40bp
Payment Dates:	March 15th, June 15th, September 15th, December 15th	
Final Maturity:	2048	
Issuer:	FonCaixa Hipotecario 1, Fondo de Titulización Hipotecaria	

Originators/Administrators

	La Caixa (Aa3/P-1)
Lead Manager	Citibank
Management	
Company (Gestora)	GestiCaixa, SGFTH, S.A.

Depository/	
Paying Agent:	La Caixa (Aa3/P-1)
Swap Counterparty	La Caixa (Aa3/P-1)

Collateral Characteristics

Type:	Mortgage shares (Participaciones Hipotecarias: PHs)
Coupon:	Underlying mortgage rate
Count:	17801
Total Amount (Approx.):	€600 Mill

Provisional Pool of Underlying Mortgage Loans

Type:	Primary residential mortgage loans
WALTV:	46.14%
WAC (Current):	5.40%
Interest Basis:	Variable
Indices:	MIBOR 12M, IRPH and IRMH
Orig. Loan Purpose:	Purchase, Construction and Renovation
Geog. Concentrations:	Cataluña (37.39%), Madrid (18.24%)
Structure:	Senior / Mezzanine / Reserve Fund
Credit Enhancement:	2.45% B Bond, 1.50% RF, Spread
Issue Date:	July 21, 1999



OPINION

Moody's has assigned a **Aaa** rating to the Series A Bonos and a **A1** rating to the series B Bonos de Titulización Hipotecaria (BTH's mortgage securitisation bonds) issued by FonCaixa Hipotecario 1.

These ratings are based on:

- the legal characteristics of the mortgage shares (participaciones hipotecarias – "PHs")
- a loan by loan analysis of the quality of the mortgage loans underlying the mortgage shares,
- the analysis of other types of risk, including operational risk, prepayment, interest rate, and liquidity risk, as well as legal risk,
- the adequate credit enhancement, i.e. the subordination available to each rated class which partially off-sets the above risks, (the subordinate position of the Series B Mezzanine Bonds with respect to the Series A Bonds),
- the strength of the cash flows, including the Reserve Fund and any excess spread available to cover losses
- the work of the Gestora GestiCaixa, SGFTH, S.A. and the supporting guarantee of the gestora obligations by all of its shareholders.
- and the contractual obligations and credit strength of the parties to the transaction.

Moody's evaluation included the legal and regulatory context of the primary and secondary mortgage market and of structured transactions in Spain.

The ratings assigned to the BTHs address the timely payment of interest and payment of principal on or before the final maturity of the transaction in 2048.

RATING SUMMARY

Collateral

Underlying Loans of Very Good Quality

The underlying pool of loans backing the certificates is of very good quality. Moody's believes the pool to have several strong characteristics. This pool of loans has very low LTV levels of 46.24%, a very good geographical diversification with natural bias towards the region of Cataluña (37.39%) Madrid (18.24%), and a very good seasoning of 5.86 years. The pool also benefits from La Caixa's solid credit fundamentals including its ample liquidity, low risk profile and strong economic capital.

STRUCTURE SUMMARY

The (BTHs) are issued by a mortgage securitisation fund (fondo de titulización hipotecaria) which was created and is managed by Gesticaixa, SGFTH, S.A., the management company. The BTH's are secured by PHs.

Under Spanish law each PH represents a certain percentage of a single mortgage loan for the entirety of its remaining life and grants to its holder the right to undertake executory action against the originator and, under certain circumstances, the right to pursue the mortgage debtor. As the Fondo does not possess juridic personality any such action must be taken on its behalf by the Gestora. In this transaction all of the PH's represent 100% of the underlying mortgage loan and pay interest at the mortgage rate. Payments of interest on PHs purchased by a mortgage securitisation fund are not subject to withholding tax. However, interest payments on the BTHs issued by the fund are subject to withholding tax.

All of the mortgage loan securing the PH's were originated by La Caixa (**Aa3/P-1**) which will continue to service the loans and will substitute or repurchase any PH that is found to be backed by a loan that fails to meet various criteria.

Credit Enhancement

Typical Senior-Subordinated Structure

The certificate holders are protected from losses primarily with a traditional senior/ subordinated structure with a Reserve Fund.

- The first layer of protection is spread in the transaction, which is the difference between the note rate paid to the bondholders (Peseta EURIBOR plus 15bp on the series A Bonos, and Peseta EURIBOR plus 40bp bp on the series B Bonos) and the payment received from the swap counterparty. La Caixa, S.A. (**Aa3**), as provider of the swap, receives the rate on the PHs less 65bp and pays the Fondo the note rate on the balance of the performing mortgages.

The value of the ongoing spread was assessed under a variety of adverse conditions which would minimise its availability, including high prepayment speeds, various loss distributions, and high arrears levels. Spread that is not used to cover shortfalls of interest or principal or to replenish one of the reserve funds within each interest period is not trapped within the structure.

- The second layer of protection for investors is the Reserve Fund. At any moment the maximum credit amount will be, equal to the minimum of the following quantities: 1.50% of the initial PH balance or 4.50% of the outstanding principal balance of the PHs. The floor on the Reserve Fund will be 35 bp of the PH original balance.
- The third layer of protection is the Series B bonos which initially amount to 2.45% of the PH original balance. Amortisation of the Series B Bonos will take place when the Series A Bonds are fully amortized.

Origination/ Servicing

Moody's reviewed the facilities, underwriting and collections procedures, and servicing systems of the originators and compared them with the overall lending practices of banks and mortgage lenders in Spain.

Moody's believes La Caixa (**Aa3/P-1**) is capable of fulfilling its servicing obligations in the transaction.

Management Company (Gestora)

The management company (Sociedad Gestora) has broad powers under the Spanish securitisation law.

The obligations of GestiCaixa S.G.F.T.H., S.A. within the structure are backed by its shareholders.

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