

FONCAIXA 5 - FONDO DE TITULIZACION HIPOTECARIO

La Caixa
RMBS
Spain

CLOSING DATE

October 2002

Lead Analyst

Sandie Arlene Fernandez
 Analyst
 Moody's Investors Service
 Madrid
 (34) 91 702 6607
 Sandie.Fernandez@moodys.com

Backup Analyst

Henry Charpentier
 Analyst
 Moody's Investors Service
 Madrid
 (34) 91 702 6606
 Henry.Charpentier@moodys.com

WEBSITE:

www.moodys.com

RATINGS

Class	Targeted Rating	Amount	% of Total	Legal Final Maturity	Expected Maturity
A	Aaa	€585.000.000	97,5%	15/10/2032	15/07/2018
B	A2	€15.000.000	2,5%	15/10/2032	15/07/2018
Total		€600.000.000	100%		

The ratings address the 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, such as those associated with the timing of principal prepayments and other market risks, have not been addressed and may have a significant effect on yield to investors.

OPINION**Strengths of the Transaction**

- Strength of the originator
- Track record of previous Foncaixa deals

Weaknesses and Mitigants

- 100% of flexible loans (as opposed Foncaixa 4 where 50% were flexible loans and 50% were traditional loans)
- Grace periods - all loans will have the possibility to enjoy grace periods. During these grace periods, borrowers will not pay principal on the loans but are required to pay interest on the loans. However, at the moment of the securitization, none of the loans are in grace period.
- Interesting to know the following: grace periods are built as part of the product, that is, a borrower who has been granted a mortgage loan will be able to use this grace periods up to an aggregated maximum of 24 months during loans life.



STRUCTURE SUMMARY

Issuer:	FONCAIXA 5, FONDO DE TITULIZACIÓN HIPOTECARIO (FTH)
Structure Type:	Senior - Subordinated - Line of Credit
Seller/Originator:	La Caixa
Servicer:	La Caixa
Interest Payments:	Quarterly on January 15 th , April 15 th , July 15 th , and October 15 th .
Principal Payments:	On maturity, regardless of partial principal payments throughout the life of the deal.
Credit Enhancement/Reserves:	Line of Credit
Liquidity Facility:	N/A
Hedging:	swap (guaranteeing 65 bps of margin)
[Fiscal Property Advisor]:	N/A
Principal Paying Agent:	La Caixa
Security Trustee:	Gesticaixa
Note Trustee:	Gesticaixa
Arranger/Lead Manager:	INVERCAIXA, S.V

COLLATERAL SUMMARY

Receivables:	Mortgage Loans
Number of Contracts:	10,097
Number of Borrowers:	10,097
Type of Equipment:	Residential Property
Geographic Diversity:	Cataluna (32.56%), Madrid (26.88%), Andalucia (16.34%)
Average LTV:	64.74%
Remaining Term:	288.30 months
Seasoning:	0.8 months
Delinquency Status:	No loans in arrears at time of closing
Historical Loss Experience:	N/A

CREDIT SUPPORT

Class	Subordination	Line of Credit	Excess Spread	Total
A	2.50%	1.50%	(65 bps guaranteed by the swap)	4.65%
B	--	1.50%	(65 bps guaranteed by the swap)	2.15%

100% flexible mortgages being securitized

OVERVIEW

Foncaixa 5 is, as its name states, the fifth issuance from La Caixa. This transaction differs from the previous one, FONCAIXA 4, in that the totality of the loans being securitised are flexible loans belonging to a product called HIPOTECA ABIERTA.

The HIPOTECA ABIERTA product, as we have seen on previous deals, consists on a revolving Line of Credit by which the debtor will be allowed to redraw on the line for an amount equal to the amortised principal or for any non used amount. The redraws can be made as many times as the revolving period allows for. As on previous deals, only the first drawing of this line of credit is securitised.

FTH - transaction structured as an FTH (Fondo De Titulizacion HIPOTECARIA)

STRUCTURAL AND LEGAL ASPECTS

The (BTHs) are issued by a mortgage securitisation fund (fondo de titulización hipotecaria) which was created and is managed by Gesticaixa, SGFT, 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 (EU residents are exempt from this tax).

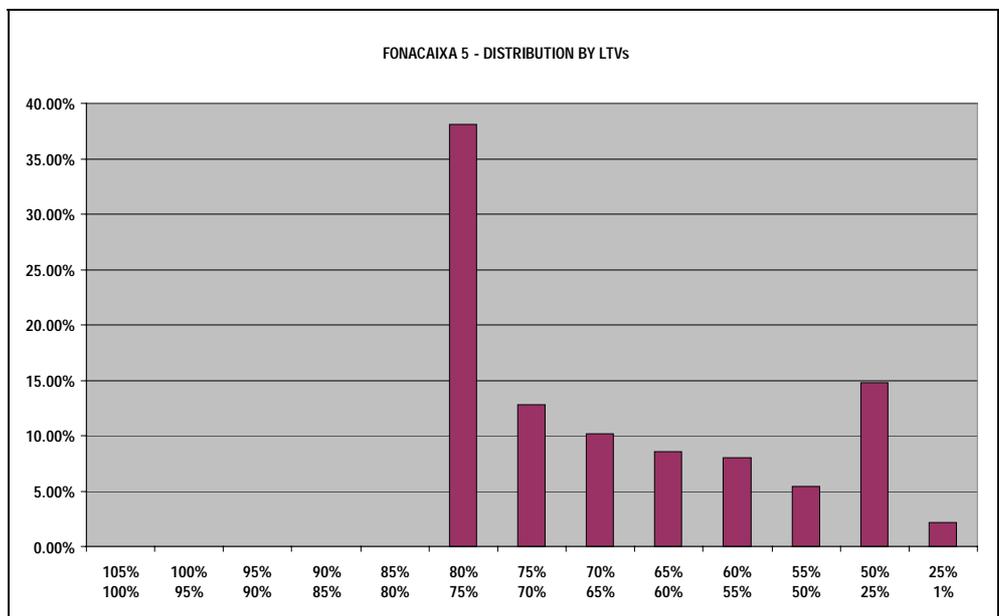
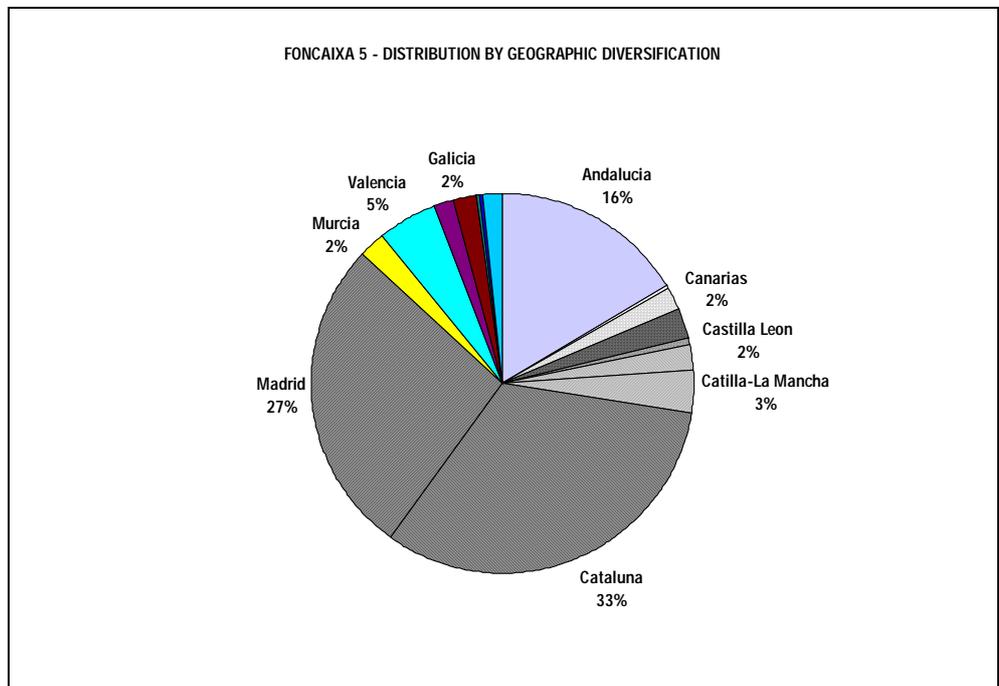
All of the mortgage loan securing the PH's were originated by La Caixa (**Aa2/P1**) which will continue to service the loans and will substitute or repurchase any PH that is found to be backed by a loan that fails to meet various criteria.

AVG LTV levels of 64.74% + 100% flexible loans makes this collateral slightly weaker than that on FONCAIXA 4

COLLATERAL - REFERENCE PORTFOLIO

The transaction benefits from current LTV levels of approximately 64.74% - which could be considered average for the Spanish market - although higher than the LTV levels on previous FONCAIXA deals. In addition, as compared with the previous FONCAIXA 4 transaction, this deal may be considered riskier due to the increased number of flexible mortgages within the transaction.

The underlying pool of loans, however, is of good quality. Geographical diversification is standard with 32.56% of loans originated in Cataluna, and 26.88% in Madrid. The pool also benefits from La Caixa's solid credit fundamentals including its ample liquidity, low risk profile and strong economic capital.



The product - Hipòoteca Abierta

2 distinct features:
additional drawdowns
and principal grace periods

The HIPOTECA ABIERTA product is in essence a line of credit that is granted for the sole purpose of giving the borrower flexibility in terms of the payment of his/her mortgage loan -Borrowers are allowed to withdraw for an amount equal to the already amortised amount, or up to the established credit limit.

The securitised loans have 2 distinct features that need to be taken into account:

➤ **ADDITIONAL DRAWDOWNS**

Several additional things to mention regarding drawdowns -

The revolving period is outstanding throughout the life of the deal - however there are 2 things to bear in mind:

- 1) the subsequent redraws are not automatic - La Caixa will have full discretion as to whether it allows them or not -
- 2) there is a period during the last 4 years of the life of the loan where subsequent redraws will not be allowed.

- Each additional redraw on the Line of Credit will be treated as an independent loan, yet all the different loans will have a pari passu treatment among them.
- Each client will receive just one monthly installment - although each different redraw will be stated separately.
- The first redraw cannot exceed an 80% LTV limit, additional redraws are capped at 60/70% LTV levels. In any case, the combination of both first and second drawdowns on the line of credit will never exceed the 80% LTV limit.
- The disposal of second drawdowns is never automatic - La Caixa has full discretion (based on the borrower's payment history, loan purpose, etc) as to whether a second drawdown is feasible or not.
- GRACE PERIODS
- Regarding grace periods - it is worth mentioning that these grace periods are only principal grace periods. Each borrower has the option to request for a maximum of 24 months grace period, where interest must be paid, but not principal. Once again, La Caixa has full decision control as to whether or not, these grace periods are granted.

ON AVERAGE	
since 1998 - total dispuesto/capital concedido	85.85%
since 1998 - primera disposicion / LC	75.10%
since 1998 - segunda disposicion / LC	10.60%

As compared with previous foncaixa deals

FONCAIXA TRANSACTIONS - COMPARISON TABLE					
	FONCAIXA 1	FONCAIXA 2	FONCAIXA 3	FONCAIXA 4	FONCAIXA 5
CLOSING	Jul-99	Feb-01	Jul-01	4Q 2001	3Q 2002
LTV	46.14%	60.32%	61.30%	60.22%	64.74%
GEOG	Cataluña (37.39%) Madrid (18.24%)	Cataluña (30.82%) Madrid (29.86%)	Cataluña (44.00%) Madrid (23.66%)	Madrid (33.59%) Cataluña (28.69%)	Cataluña (32.56%) Madrid (26.88%)
B BOND	2.45%	3.25%	4.50%	2.80%	2.50%
RF	1.50%	1.65%	1.65% (step up to 2%)	1.70%	1.50%
swap	swap	swap	swap	swap	swap
product type	traditional mortgages	traditional mortgages	HIPOTECA ABIERTA	traditional mortgages + HIPOTECA ABIERTA	100% HIPOTECA ABIERTA

Similar geographical concentration to FONCAIXA 4 figures - but definitely higher LTV levels overall (as compared to all previous pools).

ORIGINATOR, SERVICER AND DUE DILIGENCE

La Caixa's long-term and financial strength ratings is upgraded to Aa2/B+ from Aa3/B

La Caixa's long term and financial strength rating has been upgraded from **Aa3/P1** to **Aa2/P1**. The **Aa2** rating was just upgraded in July 2002. The upgrade is based on prospects for continued improvement in the group's operating efficiency now that the bulk of its branch expansion throughout Spain is close to completion, as well as on the banking group's ability to enhance recurring revenues and market positioning outside its traditional area.

La Caixa's deposit ratings and B financial strength reflect its solid credit fundamentals, including ample liquidity, low risk profile, and strong economic capital. Its retail franchise is centered mainly in Cataluña. With total assets amounting to EUR 88 billion, La Caixa is Spain's largest savings bank, its third largest banking group and the leading institution in the Catalanian and Balearic market where it holds market shares of approximately 30% of customer funds, 20% of loans and 24% of branches.

Loan by loan used but assuming that the totality of the line of credit is withdrawn from day 1

MOODY'S ANALYSIS

We are using the LBL model to obtain a credit enhancement figure -

Since we are dealing with some mortgages linked to a line of credit, we are assuming that the total amount of allowed credit will be used - i.e. let's say that our LOC limit is = 10000 euros - but during the first redraw, we are only using 9000 euros - we'll assume that the total amount redrawn at once is the total available amount - that is the 10000 euros. This will penalize the LTV levels. For these transaction types, our model will use the max LTV level (assuming that the full line has been withdrawn from day 1) for the severity calculations but read the frequency of the current LTV level.

RATING SENSITIVITIES AND MONITORING

Moody's will monitor the transaction on an ongoing basis to ensure that its transaction 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.

RELATED RESEARCH

Previous FONCAIXA deals could give a better indication of how this deal will perform

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

FONCAIXA 1 NIR + PERFORMANCE OVERVIEWS

FONCAIXA 2 NIR + PERFORMANCE OVERVIEWS

FONCAIXA 3 NIR + PERFORMANCE OVERVIEWS

FONCAIXA 4 NIR + PERFORMANCE OVERVIEWS

SF16982isf

© Copyright 2002 by Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS COPYRIGHTED IN THE NAME OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S"), AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.** All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,000 to \$1,500,000.