

## FONCAIXA 5 - FONDO DE TITULIZACION HIPOTECARIO

**La Caixa**  
**RMBS**  
**Spain**

**CLOSING DATE**

October 2002

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**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 <sup>th</sup> , April 15 <sup>th</sup> , July 15 <sup>th</sup> , and October 15 <sup>th</sup> .
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).

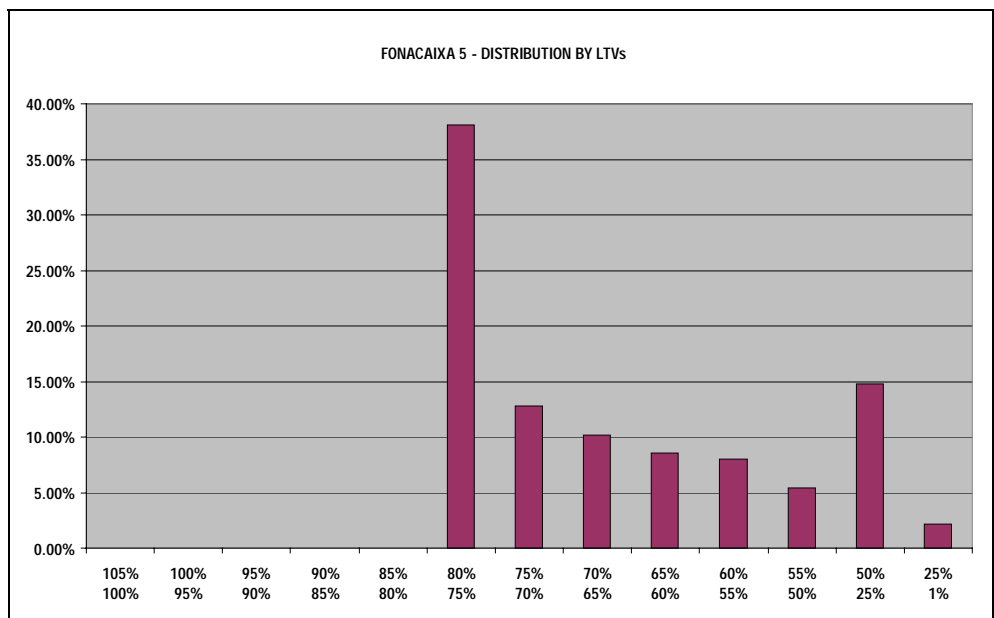
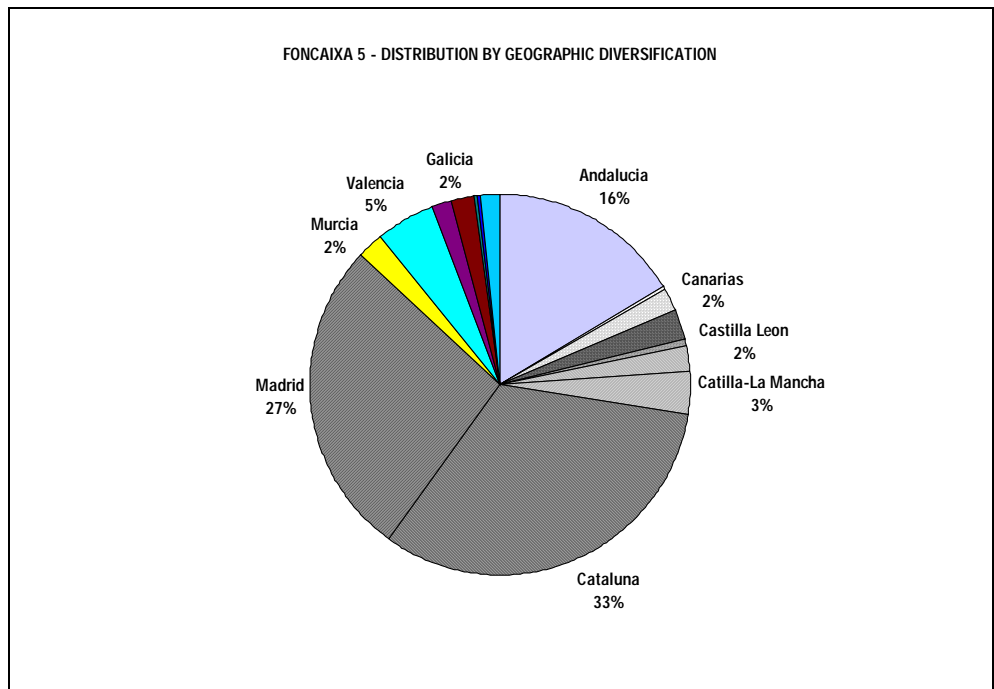
All of the mortgage loan securing the PH's were originated by La Caixa (**Aa2/P1**) which will continue to service the loans and will substitute or repurchase any PH that is found to be backed by a loan that fails to meet various criteria.

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 Catalunya, 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.

<b>ON AVERAGE</b>	
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
<b>CLOSING</b>	Jul-99	Feb-01	Jul-01	4Q 2001	3Q 2002
<b>LTV</b>	46.14%	60.32%	61.30%	60.22%	64.74%
<b>GEOG</b>	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>B BOND</b>	2.45%	3.25%	4.50%	2.80%	2.50%
<b>RF</b>	1.50%	1.65%	1.65% (step up to 2%)	1.70%	1.50%
<b>swap</b>	swap	swap	swap	swap	swap
<b>product type</b>	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

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