

## CaixaBank RMBS 2, F.T.



Insight beyond the rating.

**Belén Bulnes Meneses**  
Senior Financial Analyst  
Global Structured Finance  
+44 207 855 6699  
bbulnes@dbrs.com

**Joana Seara da Costa**  
Senior Financial Analyst  
Global Structured Finance  
+44 207 855 6692  
jsearadacosta@dbrs.com

**Sebastian Hoepfner**  
Vice President  
Global Structured Finance  
+44 207 855 6663  
shoepfner@dbrs.com

**Simon Murphy**  
Assistant Vice President  
Global Structured Finance  
+44 207 855 6676  
smurphy@dbrs.com

**Vito Natale**  
Head of EU RMBS & CBs  
Global Structured Finance  
+44 207 855 6649  
vnatale@dbrs.com

## Ratings and Issuer's Assets and Liabilities

Debt	Amount <sup>1</sup>	Initial Subordination <sup>2</sup>	Coupon <sup>3</sup>	ISIN	Rating	Rating Action
Class A Notes	€2,448,000,000	14.75%	Three-month Euribor + 0.50%	ES0305247001	A (sf)	Provisional Rating - Finalised
Class B Notes	€272,000,000	4.75%	Three-month Euribor + 0.65%	ES0305247019	B (sf)	Provisional Rating - Finalised

Notes:

<sup>1</sup> As at the issue date.<sup>2</sup> Subordination is expressed in terms of portfolio size and includes the Reserve Fund for the Class A Notes and Class B Notes (once the Class A Notes are redeemed in full).<sup>3</sup> The coupon of the Notes is floored at 0%.<sup>4</sup> The Reserve Fund was fully funded through a subordinated loan on the issue date.

	Initial Amount (€)	Size
<b>Asset Portfolio</b>	€2,741,923,293	100.0%
<b>Reserve Fund <sup>4</sup></b>	€129,200,000	4.75%

DBRS Ratings Limited (DBRS) has finalised its provisional ratings on the Class A and the Class B Notes (the Notes) issued by CaixaBank RMBS 2, F.T. (CaixaBank 2 or the Issuer), a securitisation fund that was established under Spanish Securitisation law. The transaction is a securitisation of standard mortgage loans and multi-créditos (drawn credit lines) mortgages originated by CAIXABANK, S.A. (CaixaBank). The Notes were issued at closing to finance the purchase of a portfolio of first-lien residential mortgage loans and first-lien multi-credito mortgages, secured over residential properties located in Spain. The transaction is managed by CaixaBank Titulización, S.G.F.T., S.A. (the Management Company). CaixaBank will be the servicer of the portfolio.

## Portfolio Summary (24 February 2017)

Portfolio Balance	€2,741,923,293	Asset Class	RMBS
Average Balance per Borrower	€95,355	Governing Jurisdiction	Kingdom of Spain
Weighted-Average Seasoning	50.7 months	Sovereign Rating	A (low)
Current Combined LTV	68.7% <sup>1</sup>		

<sup>1</sup> CaixaBank calculation.

## Transaction Overview

## Transaction Parties

Role(s)	Counterparty	Rating
<b>Issuer</b>	CaixaBank RMBS 2, F.T.	NR
<b>Originator, Seller and Servicer</b>	CaixaBank, S.A.	A (low) / Stable trend / R-1 (low) / Stable trend COR: A (high) / Stable trend / R-1 (middle) / Stable trend
<b>Subordinated Loan Provider</b> (for initial expenses and reserve fund)	CaixaBank, S.A.	A (low) / Stable trend / R-1 (low) / Stable trend COR: A (high) / Stable trend / R-1 (middle) / Stable trend
<b>Account Bank and Paying Agent</b>	CaixaBank, S.A.	A (low) / Stable trend / R-1 (low) / Stable trend COR: A (high) / Stable trend / R-1 (middle) / Stable trend
<b>Arranger and Management Company</b>	CaixaBank Titulización, S.G.F.T., S.A.	NR
<b>Guaranteed Reinvestment Agreement Provider</b>	CaixaBank, S.A.	A (low) / Stable Trend / R-1 (low) / Stable Trend COR: A (high) / Stable Trend / R-1 (middle) / Stable Trend

## Relevant Dates

Issue Date	22 March 2017
First Payment Date	17 July 2017
Payment Dates	Quarterly on the 17th of January, April, July and October
Collection Period	Each day of any calendar monthly
Final Maturity Date	1 June 2057
Legal Final Maturity Date	17 January 2061

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## Rating Considerations

- Macroeconomic conditions in Spain have improved in 2016 with gross domestic product (GDP) growth of 0.7% at Q4 2016. Overall GDP growth has increased for 14 consecutive quarters (Q3 2013 to Q4 2016) at an average quarterly growth rate of 0.62%. Growth has been stable over the last four quarters at 0.7%; however, real GDP has yet to return to 2008 levels. Unemployment figures continue to show improvement with levels down to 18.6% at Q4 2016 from the peak of 26.9% at the beginning of 2013. Improvement in the Spanish economy is supported by a combination of the European Central Bank's bond purchase policy, low interest rates and lower energy prices. It is uncertain how the long-term structural reforms and potential political transition risks will influence future growth.
- Property values have shown signs of improvement. Home prices reached a trough on a national level at the beginning of 2014. Peak-to-trough declines were -37.3% on the national level. Regional declines ranged between -29.7% in Andalusia and -47.2% in Navarre. As of Q4 2016, national home prices have increased 11.2% since bottoming out.
- The securitised portfolio consists of standard mortgage loans (64.9%) and multi-credito mortgages (35.1%). Borrowers with multi-credito mortgages are permitted to draw further advances, subject to borrower performance and eligibility criteria.

### Strengths

- **Seasoning:** The mortgage portfolio has a weighted-average (WA) seasoning of 50.7 months.
- **Diversified Portfolio:** 33,239 loan parts to 28,755 borrowers. The underlying residential properties collateralising the mortgages are located in the three largest Spanish autonomous regions: Andalusia (20.5%), Catalonia (17.9%) and Madrid (14.2%).
- **Sequential Amortisation:** The Class A Notes will receive all principal payments in priority until paid in full. Additionally, the Class A Notes principal is senior to the Class B interest payments in the waterfall. Principal amortisation includes a provision mechanism for defaults (loans more than 18 months in arrears) through the trapping of excess spread in the transaction waterfall.
- **Amortising Reserve Fund:** The Reserve Fund provides liquidity and credit support to the Class A Notes. The Reserve Fund is fully funded at the close of the transaction for an amount equal to 4.75% of the Notes. The Reserve Fund will amortise subject to a floor.

### Challenges and Mitigating Factors

- **High Indexed LTVs:** The WA current combined loan-to-value (CLTV) is 79.9%. 25.9% of the outstanding loans in the pool have a CLTV greater than 80%; however, the WA indexed CLTV (INE data) is 94.9% with 50.1% of the loans having an indexed CLTV greater than 80%. These calculations assume that the multi-credito mortgage loans are drawn to the maximum balance.

**Mitigants:** Property values are indexed using the INE house price index (Q4 2015), consistent with DBRS's European RMBS Insight Model.

- **Multi-credito loans:** 35.1% of the portfolio are multi-credito where borrowers have the ability to draw further advances, subject to borrower performance and eligibility criteria. Further draws will be funded outside of the special-purpose vehicle, but repayment of such advances will rank pari passu with amounts securitised.

## Rating Considerations (CONTINUED)

**Mitigants:** DBRS assumed that the multi-creditor amount was fully drawn for the purpose of calculating the LTV in the probability of default (PD) analysis when running the European RMBS Insight Model.

- **Grace Period Loans:** 496 loans (2.8% of the portfolio) are currently availing of a grace period. For 327 of those loans (1.9% of the pool), the remaining grace period does not exceed 12 months. In addition, 8.7% of the portfolio has the option to request a grace period (lasting 19 months on average) during the life of the loan, in any case conditional to CaixaBank's consent.

**Mitigants:** Loans that currently have a grace period on principal only (2.8% of the portfolio) are treated as interest-only loans in the DBRS European RMBS Insight Model.

- **Foreign Borrowers:** 7.4% of the portfolio was granted to foreign borrowers and 2.5% to non-residents in Spain.

**Mitigants:** Each loan in the portfolio was scored using the European RMBS Insight Model while parameters for the Spanish Mortgage Scoring Model measured the risk of each loan.

- **Not-employed borrowers:** 62.0% of the portfolio are loans granted to employed borrowers, 23.0% to self-employed borrowers and 9.6% to temporary workers. For the remaining 5.3%, the information was not provided.

**Mitigants:** To score the loans under its European RMBS Insight Model, DBRS treats this 38.0% of the portfolio as borrowers who are not employed. Each parameter of the Spanish Mortgage Scoring Model is considered to measure the relative risk of each loan.

- **Renegotiations:** CaixaBank is able to renegotiate the maturity, type of interest rate and margin on the loans, subject to strict criteria.

**Mitigants:** DBRS reflected this optionality in its cash flow modelling by extending the maturity to the maximum maturity date for 5% of the portfolio and compressing the spread of the loan margins to the applicable margin in line with the renegotiation criteria.

- **Interest Rate Risk and Basis Risk:** The interest rate risk and basis risk in this transaction are unhedged. The liabilities are indexed to three-month Euribor and reset quarterly. 63.3% of the portfolio is floating-rate loans indexed to 12-month Euribor (60.4%) or IRPH (2.9%) with annual reset while 36.7% of the portfolio is fixed-rate loans (including 3.2% of loans backed by Viviendas de Protección Oficial (VPO) properties).

**Mitigants:** (1) Interest rate risk and basis risk for the Class A Notes are partially mitigated by the subordination of the Class B interest payments in the priority of payments; (2) the Reserve Fund is available to provide liquidity to the Class A Notes; and (3) interest rate stresses for the "A" rating scenario per the DBRS Unified Interest Rate Model for European Securitizations methodology were applied in the cash flow analysis.

## Transaction Structure

### Transaction summary

**Currencies** Issuer's assets and liabilities are denominated in euros (€).

**Relevant Legal Jurisdictions** Mortgage loans are assigned to the Issuer as a true sale pursuant to Spanish securitisation laws. The Issuer is a securitisation fund incorporated under Spanish securitisation law.

**Interest Rate Hedging** None

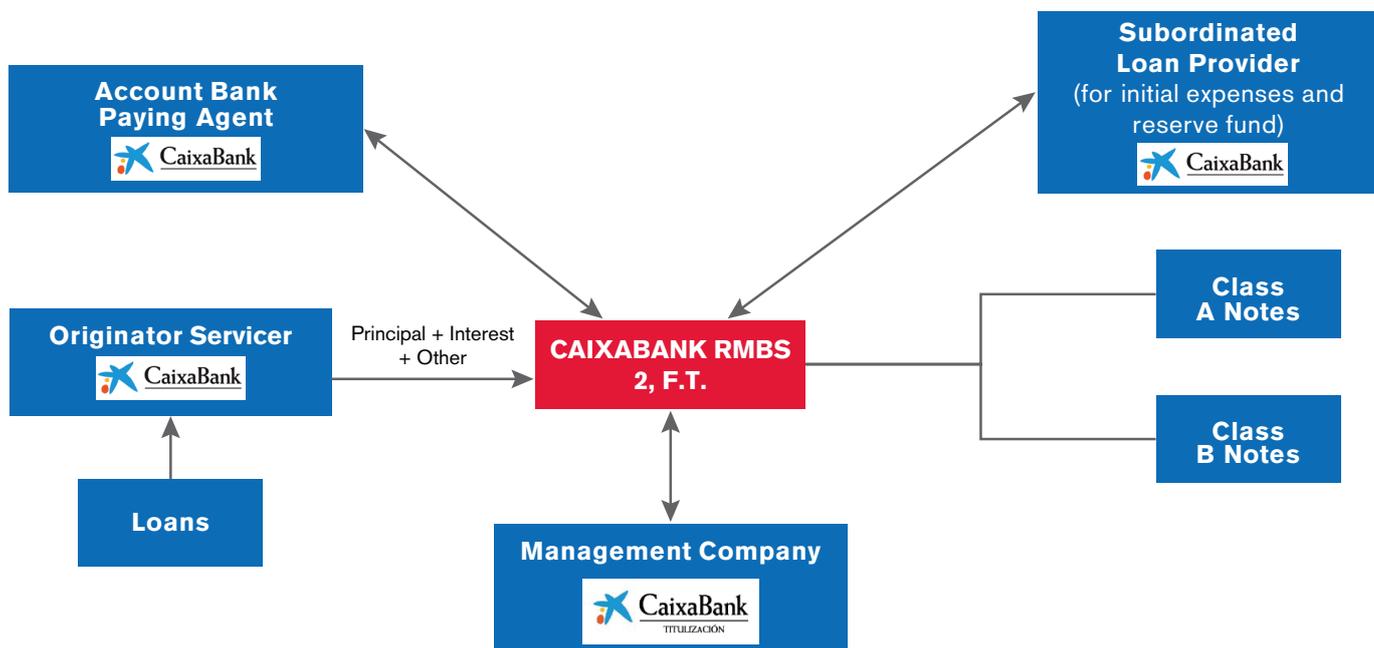
**Basis Risk Hedging** None

**Reserve Fund** Provides liquidity support and credit support to the Class A Notes until the Class A Notes are paid in full after which time the Cash Reserve will be available to support the Class B Notes.

<b>Initial Amount</b>	€129,200,000 - 4.75% of the initial balance of the Notes
<b>Target Amount</b>	6.0% of the current balance of the Notes
<b>Floor Amount</b>	Minimum amount between (1) €129,200,000 and (2) 6% of the outstanding balance of the Notes
<b>Trigger</b>	The Reserve Fund will not amortise if (1) the Reserve Fund was not at the target balance at the beginning of the interest payment period and (2) two years have not elapsed since the closing date.

**Commingling Reserve** None

The transaction structure is summarised below:



## Counterparty Assessment

### Account Bank

CaixaBank is the Account Bank and Paying Agent for the transaction. DBRS publically rates CaixaBank at A (low) with a Stable trend and concluded that it meets DBRS's minimum criteria to act in such capacity. The transaction contains downgrade provisions relating to the Account Bank where, if downgraded below BBB (low), the Issuer will replace the Account Bank. The downgrade provision is consistent with DBRS's criteria for the initial rating of A (sf) assigned to the Class A Notes.

### Servicing of the Portfolio and Collections

All borrower payments are collected by CaixaBank under a direct debit scheme and deposited into the servicer account with CaixaBank. Payments are transferred from the servicer account to the treasury account at the Account Bank in the name of the fund on the following business day after receipt of funds.

In case of termination of the servicing agreement with the servicer, the Management Company is responsible for appointing a new servicer. Commingling risk is mitigated by the daily transfer of collections from the servicer to the treasury account as well as the current servicer rating (CaixaBank is rated A (low)/R-1 (low) with Stable trends).

The treasury account was established with the Account Bank at the close of the transaction to hold the following amounts during the relevant collection period:

- Principal and interest collections on the mortgages loans and the credit lines.
- Any other amount derived from the collateral mortgage pool, such as the proceeds received from the sale of foreclosed properties.
- The Reserve Fund amount.
- Return on the amounts deposited in the bank account.

The treasury account will pay a rate of interest on the funds deposited into the account equal to the greater of three-month Euribor or zero. If the Account Bank's DBRS rating is downgraded below BBB (low), the Management Company, on behalf of the fund, would need to, within 30 days (1) find a guarantor with the minimum DBRS rating of BBB (low) that will unconditionally and irrevocably guarantee the obligations of the treasury account agreement or (2) find a replacement.

Moreover, the Management Company will enter into a paying agency agreement with CaixaBank on behalf of the fund. The paying agency agreement will have the replacement trigger set at BBB (low). The paying agent is performing the calculation of the amounts due and payable and instructs the Account Bank to make the payments.

## ***Priority of Payments***

### **Pre-Enforcement Priority of Payments**

The available funds will be distributed through the following combined waterfall on each payment date:

1. Ordinary and extraordinary expenses and the administration fee;
2. Interest due on the Class A Notes;
3. Amounts paid to amortise the Class A Notes;
4. Replenishment of the Reserve Fund to the target level;
5. Interest due on the Class B Notes;
6. Amounts paid to amortise the Class B Notes;
7. After the full repayment of the Class A Notes, replenishment of the Reserve Fund to the target level;
8. Interest on the Subordinated Loan for initial expenses;
9. Principal on the Subordinated Loan for initial expenses;
10. Interest on the Subordinated Loan for the Reserve Fund;
11. Principal on the Subordinated Loan for the Reserve Fund;
12. Servicer fees (unless the servicer is substituted);
13. Intermediation financial margin.

### **Post-Enforcement Priority of Payments**

Upon liquidation of the Issuer at the legal final maturity date or early termination of the Issuer, the available funds and any amounts received by the Issuer after the sale of the remaining mortgage portfolio will be distributed as follows:

1. Reserve to pay the final extinction and liquidation expenses;
2. Ordinary and extraordinary expenses as well as the administration fee;
3. Interest due on the Class A Notes;
4. Amounts paid to amortise the Class A Notes;
5. Interest due on the Class B Notes;
6. Amounts paid to amortise the Class B Notes;
7. Interest on the Subordinated Loan for initial expenses;
8. Principal on the Subordinated Loan for initial expenses;
9. Interest on the Subordinated Loan for the Reserve Fund;
10. Principal on the Subordinated Loan for the Reserve Fund;
11. Payment of variable commission to the Seller;
12. Intermediation financial margin.

### **Principal Amortisation**

On each payment day, available funds to amortise principal are defined as the lower of (1) amortisation amounts for the Notes and (2) amounts available after payment of items 1 to 2 of the pre-enforcement waterfall for the Class A Notes and amounts available after payments of the items 1 to 5 of the pre-enforcement waterfall for the Class B Notes.

The amortisation of the Notes will equate to the positive difference between (1) the amount outstanding of the Notes on each interest payment date and (2) the outstanding balance of the non-defaulted portfolio. According to the transaction documents, defaulted loans are defined as loans more than 18 months in arrears. The Class A Notes benefit from full sequential amortisation with principal payments on the Class B Notes starting once the Class A Notes are redeemed in full. Additionally, principal payments on the Class A Notes are senior to interest payments on the Class B Notes.

## Origination and Servicing

DBRS conducted an operational review of CaixaBank's residential mortgage and covered bonds operations in December 2016 in Barcelona, Spain, via email update. DBRS considers CaixaBank's originations and servicing practices to be consistent with those observed among other Spanish lenders.

CaixaBank and its subsidiaries compose the CaixaBank Group. CaixaBank was created through the transformation of Critería CaixaCorp, SA, a publicly traded vehicle for La Caixa's shareholdings and investments in both industrial and financial services companies. CaixaBank has been listed on the Madrid stock exchange since July 2011.

At 30 September 2015, Critería CaixaHolding, SAU (Critería) was CaixaBank's majority shareholder with a stake of 56.71% (58.96% at 31 December 2014). Critería is 100% owned by La Caixa Banking Foundation.

CaixaBank follows a banking business model geared toward promoting savings and investments. This model has positioned it as a leader in Spain's retail banking market. The acquisitions and subsequent business combinations with Banca Cívica in 2012, Banco de Valencia in 2013 and Barclays Bank SAU in H1 2015 have made CaixaBank a leading entity in the Spanish financial system. CaixaBank is Spain's third-largest bank by total assets. It is headquartered in Barcelona and has a nationwide footprint for universal banking services. In Portugal, CaixaBank owns a 84.51% stake in Banco BPI, S.A. CriteríaCaixa is CaixaBank's majority shareholder with a 40% stake at the end of February 2017.

The CaixaBank Group has reinforced its status as the Spanish leader and has a customer base of 13.8 million and 5,027 branches as of December 2016. Market share stood at 29.5% among individual customers (for 25.7%, CaixaBank is their preferred bank). CaixaBank is also the benchmark in the financial sector in innovation, new technologies and digitisation. CaixaBank is also a leader in electronic banking with upward of 15 million cards (market share of 22.9%) and in new channels with 5.3 million active online banking customers and 3.7 million mobile banking customers.

As of the end of December 2016, CaixaBank's mortgage portfolio totalled EUR 128 billion, which represents 62% of the bank's total loan portfolio. Out of the total, loans backing covered bonds totalled EUR 102 billion at the end of Q4 2016, 76% of which were related to residential purposes while 24% was related to commercial purposes. The bank is also the largest mortgage lender in Spain with an 18% market share as well as a leading 33% share for online banking transactions and 22% share in the mobile banking sector. CaixaBank's long-term debt rating was confirmed by DBRS at A (low) with a Stable trend in March 2017.

For more information on CaixaBank, please see the most recent rating report and press release available on DBRS's website: <http://www.dbrs.com>.

### Origination & Underwriting

#### **Origination and Sourcing**

All loans are sourced through CaixaBank's branch network. Relationship managers are responsible for liaising with borrowers, collecting data and the required documentation as well as inputting the relevant information into the appropriate credit scoring system and rating model.

CaixaBank offers the standard mortgage products common in the Spanish market. Mortgage loans generally have a maximum term of 30 years. Variable and fixed rates are available as well as monthly, quarterly and semi-annual payment options, although monthly is the most common and represents the vast majority of all loans within each bank's portfolio.

#### **Underwriting**

While the origination process and loan approval is generally performed at the branch level, all applications are submitted electronically to CaixaBank's headquarters in Barcelona and reviewed by the credit department. The review includes an analysis of financial statements, historical analysis of the debtor's exposure to CaixaBank and the wider Spanish banking system as well as property valuations. The credit department then prepares a report clarifying its opinion on the borrower's creditworthiness, which is used in the final approval process. As consistent with the overall Spanish market, full income verification is conducted on all customers, including collection of the last two years' audited financial statements, tax returns, acts of incorporation and lists of outstanding loans.

CaixaBank uses an internally developed credit scoring model for all mortgage loans, which is IRB compliant and authorised by Spanish regulators. The system determines the PDs, which are then mapped to a traditional traffic-light system classifying loans as green, yellow or red. The bank's automatic approval rate for green cases as well as its monthly rejection rate are consistent with the overall market. An internal rating model is also used for small businesses and corporations.

All models and scoring systems are validated by CaixaBank's internal validation department as well as by the bank's internal audit department. The majority of models have been approved by the central bank and are subject to ongoing supervision. Models to be reviewed are selected annually by the validation department and are triggered by changes in economic cycle, policy changes and/or the model's age regardless of the predictive capacity of the model. Credit risk parameters are recalibrated annually and must be validated internally and by the Bank of Spain.

Approval authority is based on the level assigned to the various approving bodies from branch level through to senior management, executive committees and the board. The approval limits also take into account the borrower type (small and medium-sized enterprises, corporations and individuals), client and loan risk profile (including expected loss (EL)) as well as the total exposure to an economic group. For individual mortgages, branch approval is generally limited to EUR 400,000 and may be lower based on an adjusted risk balance calculation. Loans and facilities which can be reviewed by the respective business units require dual sign-off. For larger and/or riskier positions, dual approval still applies with credit risk providing the secondary approval. High exposures typically require review and approval centrally in Barcelona.

### **Valuations**

CaixaBank has an internal appraisal department responsible for carrying out valuations of select properties based on internal guidelines, managing external valuers and reviewing all valuations conducted by external appraisers. All appraisals are performed according to CaixaBank guidelines and standard valuation templates are used.

Assets are re-valued as per Bank of Spain guidelines, although values are checked more frequently using statistical models.

### **Summary Strengths**

- No external sourcing channels for new originations.
- Largest domestic presence with high market share in terms of deposits and loans.
- Loan-to-deposit ratio under 100% and lower real estate exposure compared with peers, the latter as a result of the reorganisation of the La Caixa group.

### **Servicing**

The Risk Infrastructure department, centralised in Barcelona, is responsible for all loan management and servicing activities. Primary borrower contact is managed at the branch level, including early arrears management activities.

As part of the operational assessment, DBRS reviewed the bank's systems relating to origination and servicing and believes them to be sufficient to meet CaixaBank's operational needs.

Like most Spanish banks, payments are primarily made through direct debit. The majority of loans are on monthly payment schedules, although the portfolio does include some quarterly, semi-annual and annual schedules that are in line with the overall Spanish market.

The bank follows standard collections and arrears management strategies, including compliance with regulatory guidelines surrounding delinquency, watchlist and default definitions. Borrower contact is managed through the local branch. Automated standard letters are generated through the servicing system and are sent to the borrower around day 15 and day 30. The bank's internal rating system is used to monitor the loan, including updates to the rating, and helps to set the appropriate workout strategy. Legal proceedings are initiated generally after a loan is officially classified as defaulted and all previous attempts at an out-of-court resolution have been exhausted. CaixaBank estimates the average resolution timeline at under three years, which is generally consistent with the overall market.

Timelines and recovery rates are consistent with CaixaBank's peers.

### **Summary Strengths**

- Standard Spanish servicing practices.
- Lower default rate compared with peers.

**Opinion on Backup Servicer:** There is no backup servicer at closing of the current CaixaBank securitisation. DBRS believes that CaixaBank's current financial condition mitigates the risk of a possible disruption in servicing following a servicer event of default, including insolvency.

## Collateral Summary

DBRS received a loan tape to conduct the credit analysis of the portfolio as of 24 February 2017. In addition, DBRS was provided with separate historical performance data from CaixaBank for each of the standard mortgage loans and multi-credito mortgages with more than 90 days in arrears for loans originated between Q1 2008 and Q3 2016.

The sources of information used for these ratings were provided by CaixaBank and its representatives. DBRS considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

The main characteristics of the portfolio are summarised below. All calculations are based on the portfolio as of 24 February 2017. Additionally, the representations and warranties per the prospectus include the following:

- At the closing date, up to 5.0% of the initial balance of the portfolio may be up to 30 days in arrears, no more than 1% of the initial balance of the portfolio may be between 30 and 90 days in arrears and none of the loans may be more than 90 days in arrears.
- None of the loans have a maturity date later than 1 June 2057.
- All loans make payments via direct debit.
- All of the loans are granted to individuals who are both residents and non-residents in Spain.
- None of the loans are granted to real estate developers.
- None of the loans have been restructured.
- None of the borrowers are employees of the Seller.
- All of the loans are backed by finished properties and are first-lien loans.
- The outstanding balance of the fixed-rate assets cannot exceed 38.0% of the initial balance of the assets.

The final portfolio sold to the Issuer is static; however, the Seller will be able to substitute any loans which are found to have breached the representations and warranties with loans of similar credit characteristics.

### Summary Statistics (DBRS Calculations)

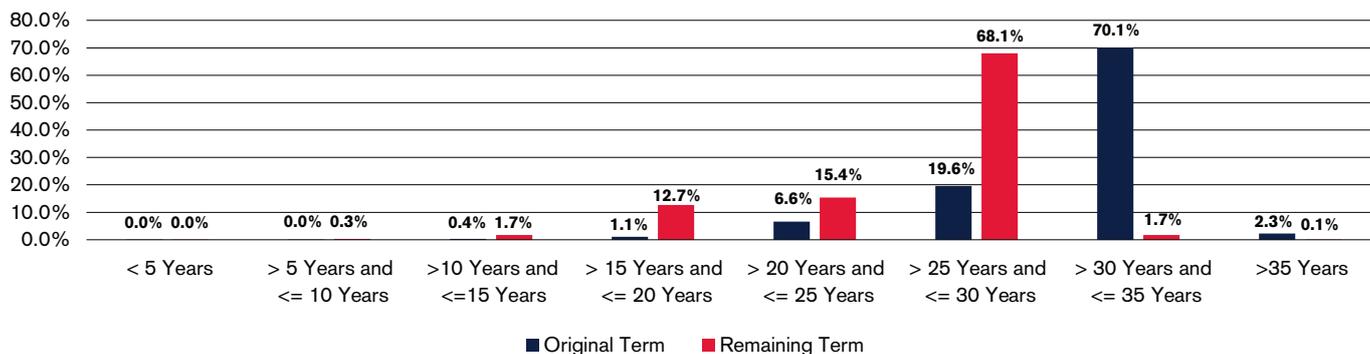
	Standard Mortgage Loans	Multi-Credito Mortgages	Total
Number of Loan Parts	17,292	15,947	33,239
Number of Borrowers	17,148	11,625	28,755
Total Original Balance (€)	1,920,625,052	1,243,606,801	3,164,231,854
Total Current Balance (€)	1,778,349,231	963,574,062	2,741,923,293
Average Original Balance per Borrower(€)	112,003	106,977	110,041
Average Current Balance per Borrower(€)	103,706	82,888	95,355
Maximum Original Balance (€)	1,900,000	2,000,000	2,000,000
Maximum Current Balance (€)	1,776,386	1,529,718	1,776,386
WA Original LTV	73.8%	75.8%	74.7%
% >=80% OLTV	35.2%	37.4%	36.2%
WA Combined Current LTV	68.9%	93.0%	79.9%
% >=80% Combined Current LTV	16.6%	36.2%	25.5%
WA Combined Current Indexed LTV	73.6%	120.2%	94.9%
% >=80 Combined Current Indexed LTV	31.9%	71.7%	50.1%
WA Seasoning (years)	2.12	8.13	4.2
WA Residual Term (years)	26.52	22.36	25.1
WA Interest Rate	1.93%	1.29%	1.70%
WA Margin	1.40%	1.00%	1.19%
Interest Only Loans	0.00%	0.00%	0.00%
Self-Employed	19.8%	28.8%	23.0%
Owner Occupied	97.64%	93.09%	96.05%
Purchase Loans	95.54%	88.13%	92.94%
Foreign Nationals	6.68%	8.78%	7.42%
Second Liens	0.00%	0.00%	0.00%

\* The LTV calculation includes the maximum balance permitted for the multi-credito mortgages.  
Source: CaixaBank.

### Original Term versus Remaining Term

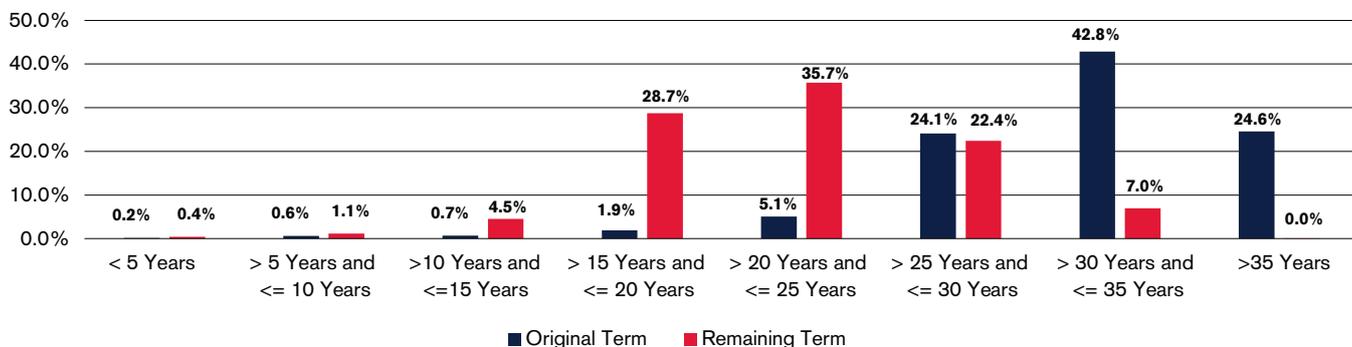
The original WA term of the standard mortgage loans was 28.6 years. 72.3% of the outstanding loans in the pool has an original term greater than 30 years and 2.3% has an original term greater than 35 years. The current WA remaining term of the standard mortgage loans is 26.5 years with 1.8% of the loans having a remaining term greater than 30 years and 0.1% having a remaining term greater than 35 years.

**Exhibit 1: Standard Mortgage Loans - Loan Term Distribution**



The original WA term of the multi-credito mortgage loans was 30.5 years. 67.4% of those outstanding credit lines has an original term greater than 30 years and 24.6% has an original term greater than 35 years. The current WA remaining term of the multi-credito mortgage loans is 22.4 years with 7.0% having a remaining term greater than 30 years and 0.0% having a remaining term greater than 35 years.

**Exhibit 2: Standard Mortgage Loans - Loan Term Distribution**

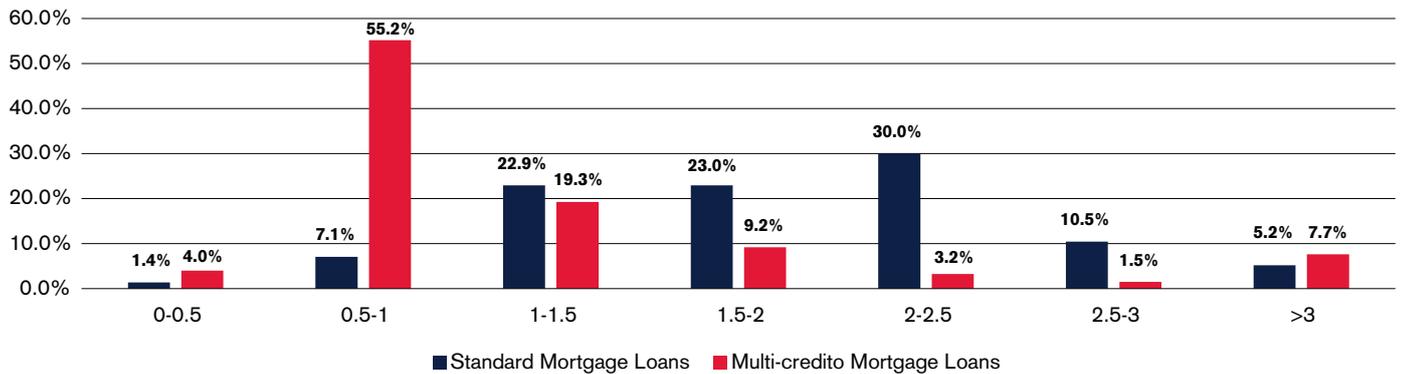


Source: CaixaBank RMBS 2 loan tape.

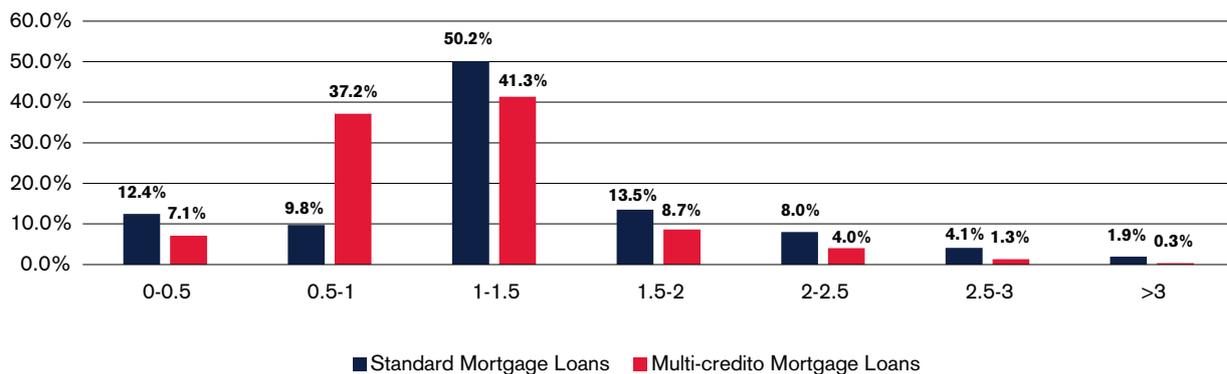
**Margin and Interest Rate**

The WA current margin of the portfolio is 1.13% while the WA interest rate of the portfolio is 1.70%. The standard mortgage loans have a WA interest rate of 1.9% and a WA margin of 1.26% while the multi-credito mortgage loans have a WA interest rate of 1.40% and a WA margin of 0.96%. The floating-rate loans reset annually and are referenced to 12-month Euribor, IRPH or other.

**Exhibit 3: Interest Rate Distribution (%)**



**Exhibit 4: Margin Distribution (%)**

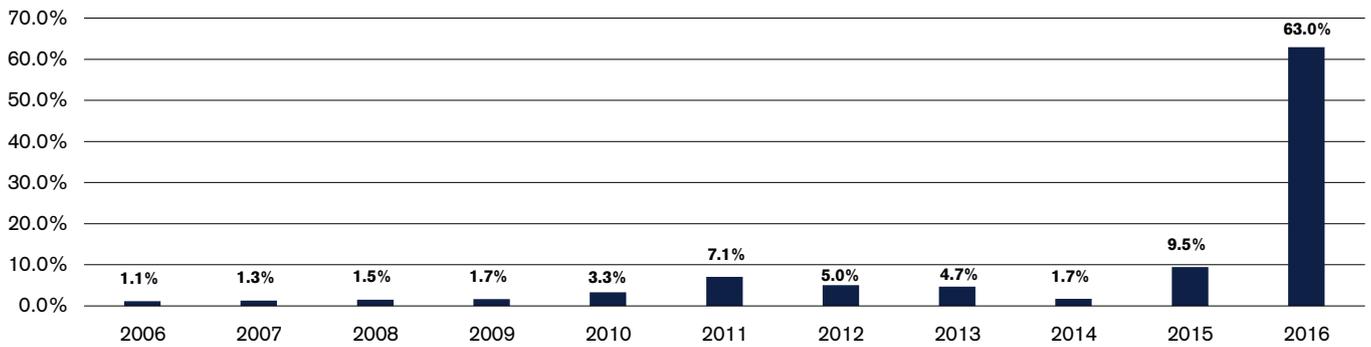


Source: CaixaBank RMBS 2 loan tape.

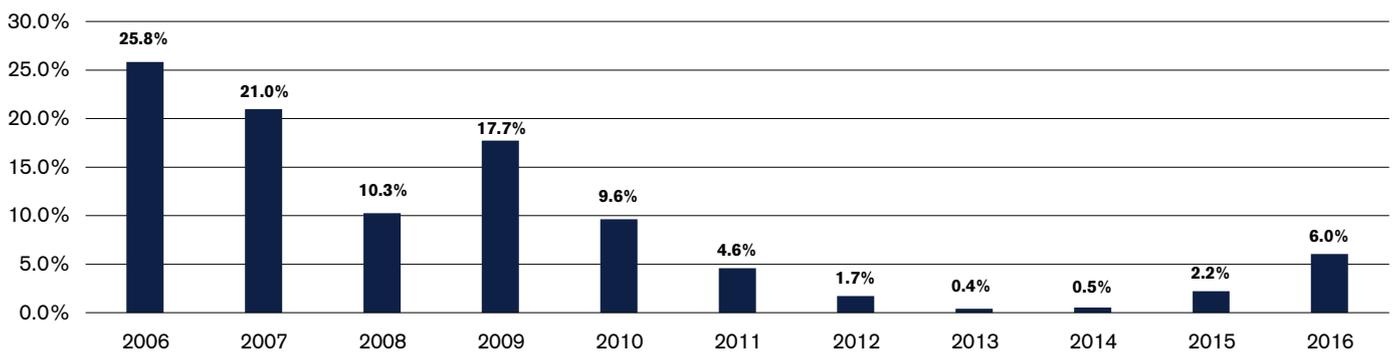
### Origination Vintages

At a portfolio level, the loans vintages are concentrated between 2015 (6.94%) and 2016 (42.98%). The standard mortgage loans' vintages are concentrated between 2016 (63.0%) and 2015 (9.5%). The multi-credito mortgage loans are much more concentrated in earlier vintages with 74.8% of the loans originated between 2006 and 2009. 2006 is the highest concentration (25.8%) followed by 2007 (21.0%).

**Exhibit 5: Standard Mortgage Loans - Vintage Distribution**



**Exhibit 6: Multi-credito Mortgage Loans - Vintage Distribution**

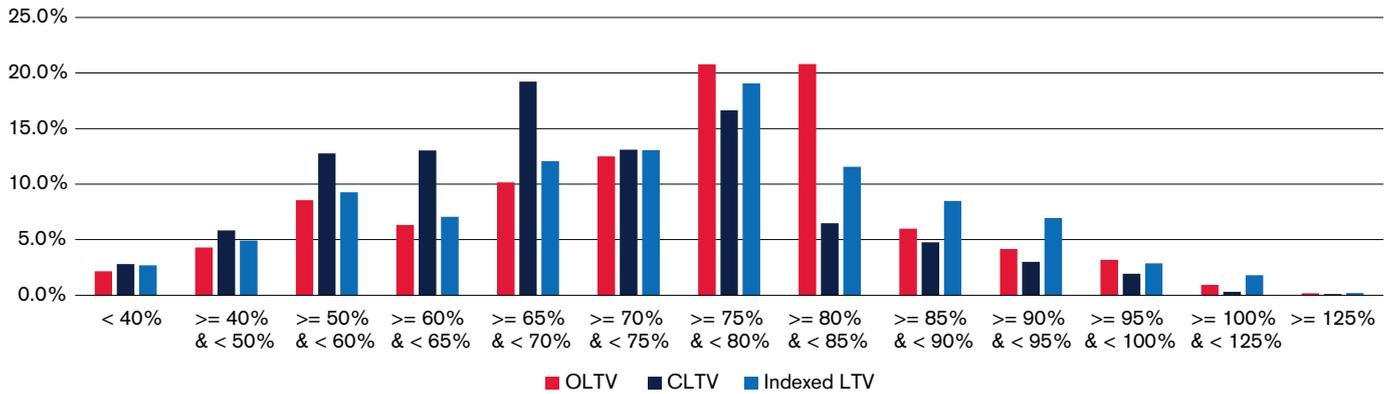


Source: CaixaBank RMBS 2 loan tape.

**LTV Distributions**

The WA original LTV of the standard mortgage loans is 73.8% with 35.2% having an original LTV greater than 80% and 1.1% having an original LTV greater than 100.0%. The WA current LTV of the loans is 68.9% with 16.6% having a current LTV above 80% and 0.4% having a current LTV greater than 100%. The WA indexed LTV (INE data) of the loans is 73.6% with 31.9% having a current indexed LTV greater than 80% and 2.0% having a current indexed LTV greater than 100%.

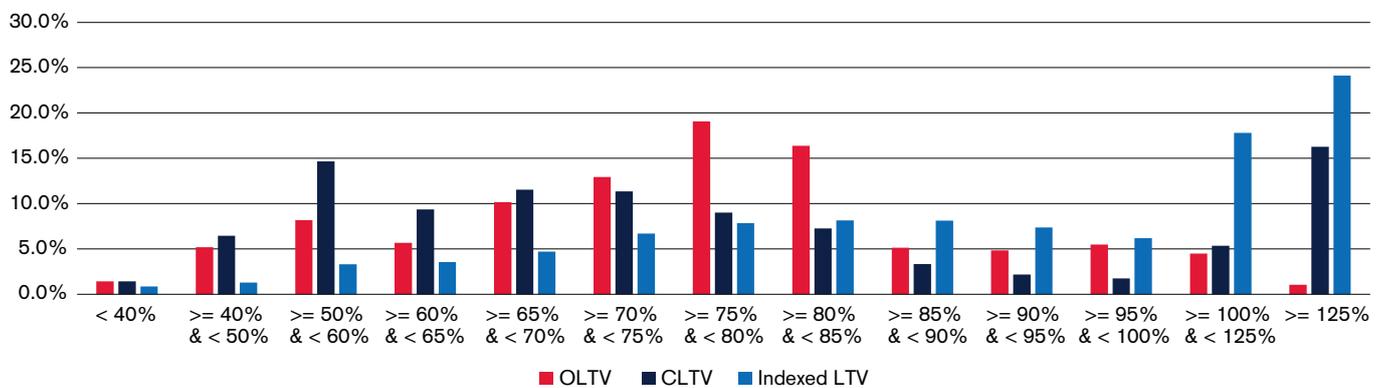
**Exhibit 7: Standard Mortgage Loans - Vintage Distribution**



Source: CaixaBank RMBS 2 loan tape.

The WA original LTV of the multi-credito loans is 75.8% with 37.4% having an original LTV greater than 80% and 5.5% having an original LTV greater than 100.0%. The WA current LTV of the multi-credito loans is 93.0% with 36.2% having a current LTV above 80% and 21.6% having a current LTV greater than 100%. The WA indexed LTV (INE data) of the multi-credito loans is 120.2% with 71.7% having a current indexed LTV greater than 80% and 41.9% having a current indexed LTV greater than 100%.

**Exhibit 8: Multi-Credito Mortgage Loans - LTV Distributions**

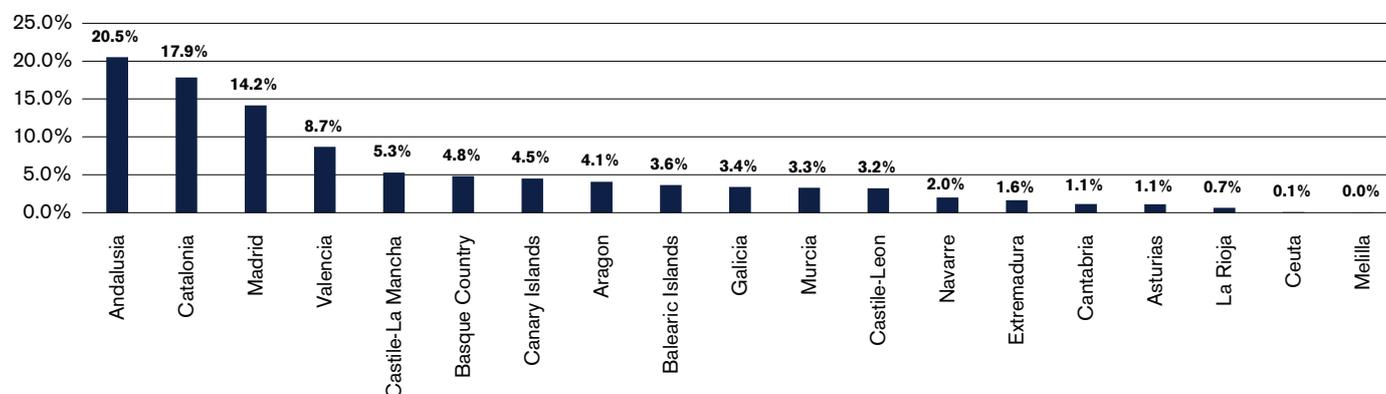


Source: CaixaBank RMBS 2 loan tape.

## Geographic Breakdown

The pool is primarily concentrated in Andalusia (20.5%), Catalonia (17.9%) and Madrid (14.2%).

**Exhibit 9: Geographic breakdown (%)**



Source: CaixaBank RMBS 2 loan tape.

Spanish house prices have rebounded 11.2% on a national level since Q1 2014, following the peak-to-trough drop of -37.3%. House-price declines in the most populous regions of Spain (Madrid, Andalusia and Catalonia) were very severe during the crisis with only Andalusia experiencing a peak-to-date decline (-29.7%) lower than the national average observed for Spain (-37.3%); however, these regions have had sharper rebounds as seen in the table and chart below:

CaixaBank RMBS 2, FT Concentrated Regions	CaixaBank RMBS 2, FT (%)	Peak to Trough	Change Since Q1 2014
National	100.0%	-37.2%	11.2%
Andalusia	20.5%	-29.6%	8.0%
Catalonia	17.9%	-46.6%	16.9%
Madrid	14.2%	-43.0%	19.0%

Source: Instituto Nacional de Estadística (INE).

## Rating Analysis

The ratings are based on DBRS’s review of the following analytical considerations:

- Transaction capital structure, proposed ratings and form and sufficiency of available credit enhancement.
- The credit quality of the mortgage loan portfolio and the servicer’s ability to perform collection activities. DBRS calculated PD, loss given default (LGD) and EL outputs on the mortgage loan portfolio.
- The transaction’s ability to withstand stressed cash flow assumptions and repay the Class A and Class B Notes according to the terms of the transaction documents. The transaction cash flows were modelled using portfolio default rates (PDRs) and LGD outputs provided by the DBRS European RMBS Credit Model.
- The sovereign rating of the Kingdom of Spain rated A (low) with a Positive trend and R-1 (low) with a Stable trend as of the date of this report.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer and the consistency with DBRS’s *Legal Criteria for European Structured Finance Transactions* methodology, published in September 2016.

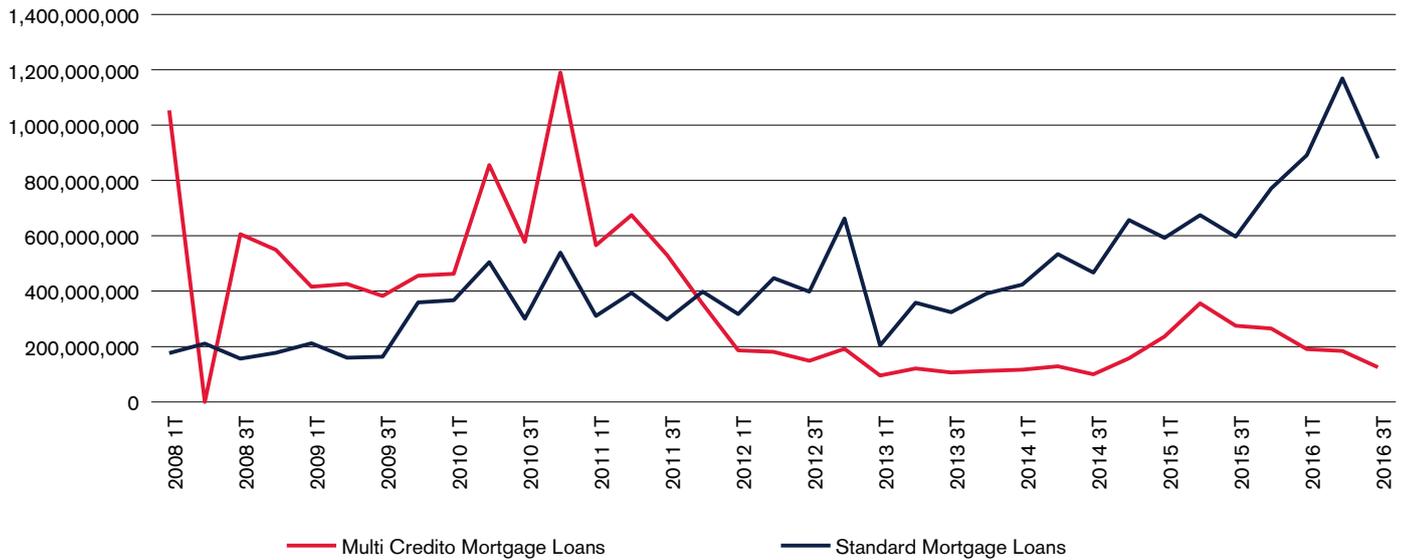
**Portfolio Performance Data**

DBRS received the following set of data from CaixaBank:

- Static cumulative 90+ days arrears for each of the standard mortgage loans and multi-credito mortgages.
- Cumulative recovery data for each of the standard mortgage loans and multi-credito loans.

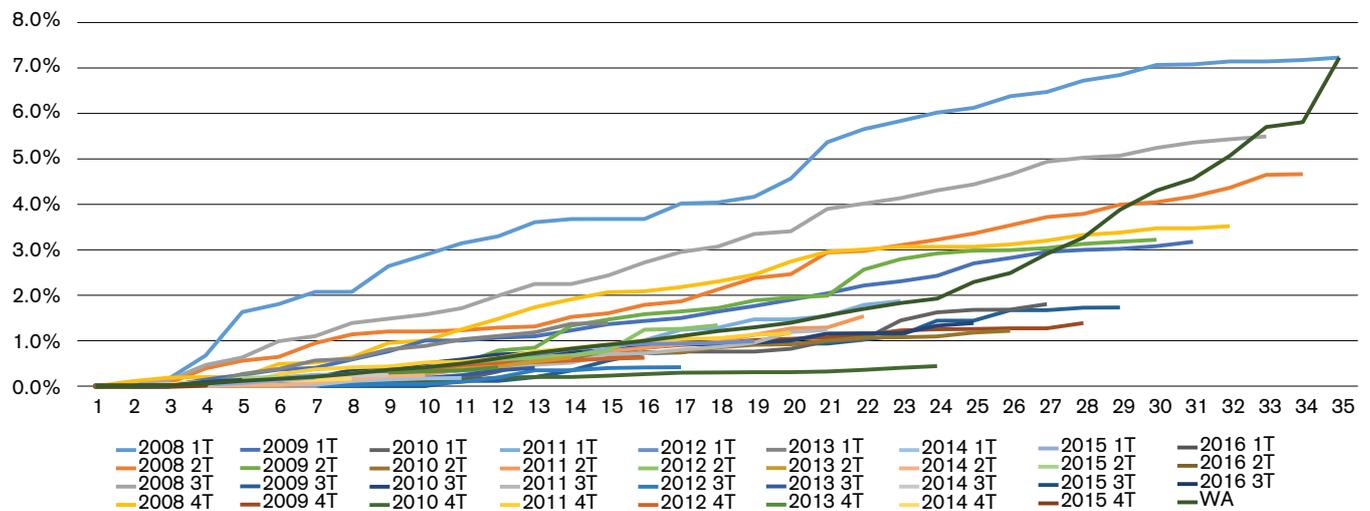
The originations data covered the time period from Q1 2008 through Q3 2016. The standard mortgage loan originations consisted of over 155,000 loans with a balance of EUR 15.5 billion while the multi-credito mortgage originations consisted of over 456,000 loans with a balance of EUR 13.3 billion.

**Exhibit 10: Total Volume of Originations (EUR)**



**Standard Mortgage Loans - Cumulative 90+ Arrears**

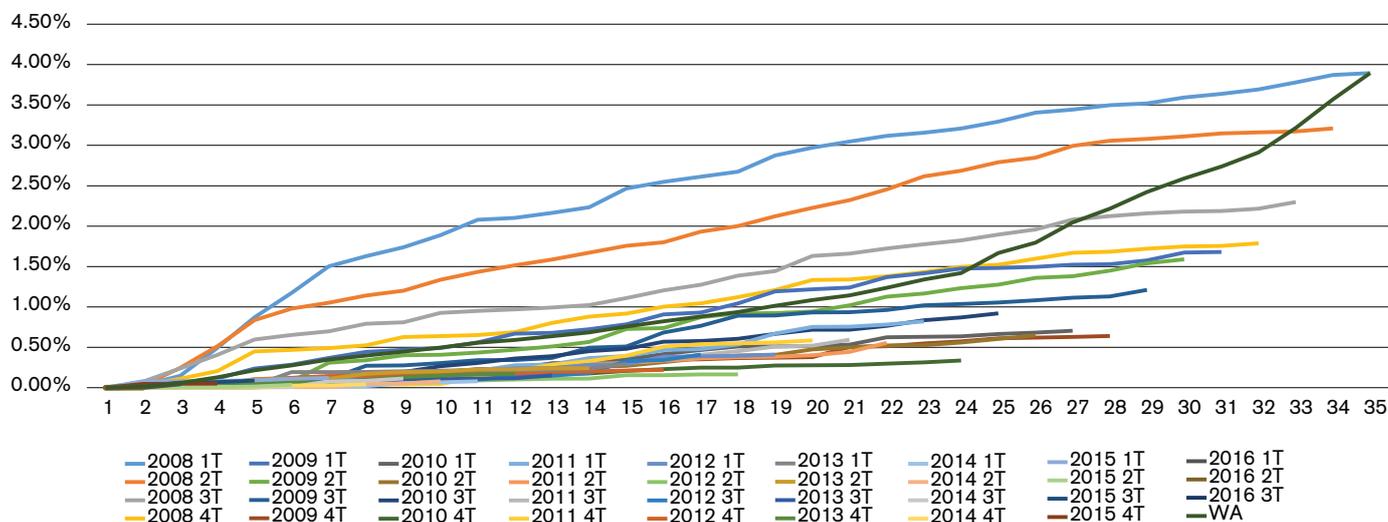
**Exhibit 11: First-Lien Mortgage Loans Cumulative Arrears**



Source: CaixaBank.

Multi-Credito Mortgage Loans - Cumulative 90+ Arrears

Exhibit 12: First-Lien Multi Credito Mortgage Loans Cumulative Arrears



Source: CaixaBank.

European RMBS Insight Analysis

The portfolio was analysed using the European RMBS Insight Model with the parameters for the Spanish Mortgage Scoring Model (MSM) used to score the credit risk of the loans and forecast PDR and EL in the base-case and stressed rating scenarios. The European RMBS Insight Model also takes into account the underwriting guidelines of the Issuer, product types, relative quality of historical performance, etc., by assigning an underwriting score to the portfolio.

DBRS divided the portfolio into two different sub-pools determined by each product type’s historical performance. The first pool includes the multi-credito mortgage loans, which represent 35.1% of the total portfolio balance. For the multi-credito loans, the maximum draw was assumed for the purpose of calculating the LTV ratio. The second pool includes the standard loans, which represent 64.9% of the portfolio’s balance.

The first sub-portfolio was assigned a Spanish Underwriting Score of 2. The calculated weighted-average life (WAL) of the portfolio, assuming a 2% constant prepayment rate (CPR), is 8.1 years. 34.3% of the initial portfolio is scored in the risk segments between ten and 15 per the DBRS European RMBS Insight Model. In year four, 14.9% is scored in the higher-risk segments with 6.1% remaining in the higher-risk segments by year eight. See below for further details on the risk segment migration of the portfolio over time.

The second sub-portfolio was assigned a Spanish Underwriting Score of 3. The calculated WAL of the portfolio, assuming a 2% CPR, is 8.7 years. 58.0% of the initial portfolio is scored in the risk segments between ten and 15 per the DBRS European RMBS Insight Model. In year four, 34.8% are scored in the higher-risk segments with 17.9% remaining in the higher-risk segments by year eight. See below for further details on the risk segment migration of the portfolio over time.

The results of the model were used as inputs into the cash flow analysis of the structure. The results of the model at the AAA, A, BBB, BB and B rating scenarios and base case are listed below:

Rating Scenario	PDR	LGD	EL
AAA	30.5%	51.0%	15.4%
A	22.8%	47.7%	12.8%
BBB	17.7%	43.0%	9.7%
BB	12.2%	33.6%	6.4%
B	8.3%	30.3%	4.0%
Expected Base Case	6.6%	23.6%	1.5%

### Cash Flow Scenarios

To assess the timely payment of interest and the ultimate payment of principal on the Class A Notes and to assess the ultimate payment of interest and principal on the Class B Notes, DBRS applied two default timing curves (front-ended and back-ended), its prepayment curves (low, medium and high CPR assumptions) and interest rate stresses as per its unified interest rate methodology. Because of the low prepayment rates observed in the Spanish mortgage market, DBRS also applied a 0% CPR assumption.

Based on a combination of these assumptions, a total of 16 cash flow scenarios were applied to test the performance of the rated notes (see table below).

Scenario	Pre-payments	Default timing	Interest Rate
1	0%	Front	Upward
2	0%	Front	Downward
3	0%	Back	Upward
4	0%	Back	Downward
5	5%	Front	Upward
6	5%	Front	Downward
7	5%	Back	Upward
8	5%	Back	Downward
9	10%	Front	Upward
10	10%	Front	Downward
11	10%	Back	Upward
12	10%	Back	Downward
13	20%	Front	Upward
14	20%	Front	Downward
15	20%	Back	Upward
16	20%	Back	Downward

The Class A Notes did not pass the 0% CPR stress in the up interest rate scenario and the Class B did not pass the 0% CPR in the up interest rate and back-loaded scenario. Past CPR rates in RMBS transactions originated by CaixaBank have been consistently at and above 2%. DBRS also tested a CPR scenario of 2% where there was a small principal shortfall for the Class A Notes in the up interest rate and back-loaded default scenario. DBRS will continue to monitor prepayment rates as part of its surveillance process.

### Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in its *Unified Interest Rate Model Methodology for European Securitisations*.

### Permitted Variations

As per the servicing agreement, the servicer is allowed to modify loans within the portfolio aside from the good servicing practices defined by the Bank of Spain. These modifications can be made without the Management Company's consent and are subject to the following concentrations:

1. Floating-rate loans may be converted to fixed-rate loans;
2. 5% of the portfolio may have maturity extended up until 1 June 2057; and
3. Interest rate on the loans can be renegotiated downward as long as the WA interest rate of the portfolio never falls below three-month Euribor (floor of 0%) + 1%.

DBRS has stressed 5% of the portfolio to extend the maturity of the loans to the maximum date permitted. In addition, DBRS has reduced the margin on the portfolio to the minimum allowable level in its cash flow analysis.

**Timing of Defaults and Recovery Lag**

DBRS utilised ten-year front- and back-loaded default timing curves. A recovery lag of 48 months was used in the cash flow analysis per the European RMBS Insight Methodology and European RMBS Insight: Spanish Addendum methodology.

**Risk Sensitivity**

DBRS estimated the PDR and LGD for each pool based on a review of historical data and an assessment of the mortgage pool characteristics. Adverse changes to asset performance may cause stresses to base-case assumptions and therefore have a negative impact on credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the base-case PDR and LGD assumptions in the respective rating scenarios:

**Class A**

		Increase in PDR %		
		0	25	50
Increase in LGD %	0	A	A (low)	BBB (high)
	25	A (low)	BBB (high)	BBB
	50	BBB (high)	BBB	BBB (low)

**Class B**

		Increase in PDR %		
		0	25	50
Increase in LGD %	0	B	B	B
	25	B	B	Below B
	50	Below B	Below B	Below B

**Appendix**

**Methodologies Applied**

The principal methodology applicable to assign ratings to this transaction is *European RMBS Insight Methodology* and *European RMBS Insight: Spanish Addendum*.

Other methodologies referenced in this transaction are listed below:

- *Legal Criteria for European Structured Finance Transactions*;
- *Unified Interest Rate Model Methodology for European Securitisations*;
- *Operational Risk Assessment for European Structured Finance Servicers*; and
- *Operational Risk Assessment for European Structured Finance Originators*.

The rating methodologies and criteria used in the analysis of this transaction can be found at: <http://www.dbrs.com/about/methodologies>. Alternatively, please contact [info@dbrs.com](mailto:info@dbrs.com).

**Surveillance Methodology**

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology*, available at [www.dbrs.com](http://www.dbrs.com) under Methodologies. Alternatively, please contact [info@dbrs.com](mailto:info@dbrs.com).

**Notes:**

All figures are euros unless otherwise noted.

This report is based on information as of 7 April 2017, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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