

HIPOCAT 6 - FONDO DE TITULIZACION DE ACTIVOS

Caixa Catalunya
RMBS
Spain

PLEASE NOTE: This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of August 2003. 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 **prospective** ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk.

CLOSING DATE

October 2002

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RATINGS

Class	Targeted Rating	Amount	% of Total	Legal Final Maturity	Expected Maturity
A	(P)Aaa	€787.6	92.65%	Dec 2034	[•]
B	(P)Aa2	€15.7	1.85%	Dec 2034	[•]
C	(P)A1	€34	4.00%	Dec 2034	[•]
D	(P)Baa1	€12.7	1.50%	Dec 2034	[•]
Total		€850,000,000	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**

- 2 liquidity facilities providing liquidity to those loans in grace periods
- Strong swap which will guarantee a margin of 0.65% over the loans
- Class D turbo payment
- Track record of 5 previous HIPOCAT transactions
- In terms of collateral, the loans have quite a strong seasoning.
- The RF can be used to pay both interest and principal.
- All securitised loans provided for the purchase of a first residence

Weaknesses and Mitigants

- 100% of loans are flexible (flexible loans are defined as loans that offer payment flexibility to borrowers - in this case, offering grace periods, high LTV levels, possibility to do successive redraws on the loan, etc)
- All loans have the option of enjoying grace periods. These are total payment holidays; no interest or principal will be paid for a maximum of 12 consecutive months but potentially for a maximum of 36 instalments. However, new grace periods require a new credit approval.
- High LTV levels
- Strong concentration in the region of Catalonia (although this is normal due to the originator's headquarter basis)
- No loans are in arrears.

**Moody's Investors Service**

17 September, 2003

STRUCTURE SUMMARY

Issuer:	HIPOCAT 6
Structure Type:	Senior – Subordinated - Reserve Fund (RF)
Seller/Originator:	Caixa Catalunya
Servicer:	Caixa Catalunya
Back-up Servicer:	N/A
Interest Payments:	15 th March, 15 th June, 15 th September, 15 th December
Principal Payments:	At maturity regardless of any partial amortisation that may occur beforehand
Credit Enhancement/Reserves:	2.30% initial Reserve Fund
Liquidity Facility:	2 liquidity lines will be set up: (1) liquidity line A, which will be used to cover any possible liquidity shortfall should the proportion of loans in grace periods exceed a certain percentage over time, and (2) liquidity line B, which will be used to replenish the RF to its required level, should there be not enough funds to achieve this through the deal's excess spread.
Hedging:	Swap provided by Caixa Catalunya and guaranteeing a net spread of 0.65%. However, since Caixa Catalunya is rated A2, it will cash collateralise the swap from Day 1, as required by Moody's swap guidelines. It will cash collateralise the swap for an amount equal to 102% of the swap's market value. This calculation will be made on a weekly basis.
Legal Advisor:	Freshfields Bruckhaus Deringer
Principal Paying Agent:	Caixa Catalunya
Security Trustee:	Gestión de Activos Titulizados
Note Trustee:	Gestión de Activos Titulizados
Lead Manager:	Credit Agricole Indosuez, Deutsche Bank, Caixa Catalunya
Arranger/Book Runner:	Deutsche Bank

COLLATERAL SUMMARY

Receivables:	Mortgage Loans
Total Amount:	850 million Euro
Number of Contracts:	11,709
Number of Borrowers:	11,709
Type of Mortgage:	Residential Property
Geographic Diversity:	Catalonia 80.62%
Average LTV:	87.46%
Remaining Term:	tbd
Seasoning:	2.8 years
Delinquency Status:	No loans in arrears at time of closing

CREDIT SUPPORT

Class	Reference Rate	Margin
A	[•]	[•]
B	[•]	[•]
C	[•]	[•]
D	[•]	[•]

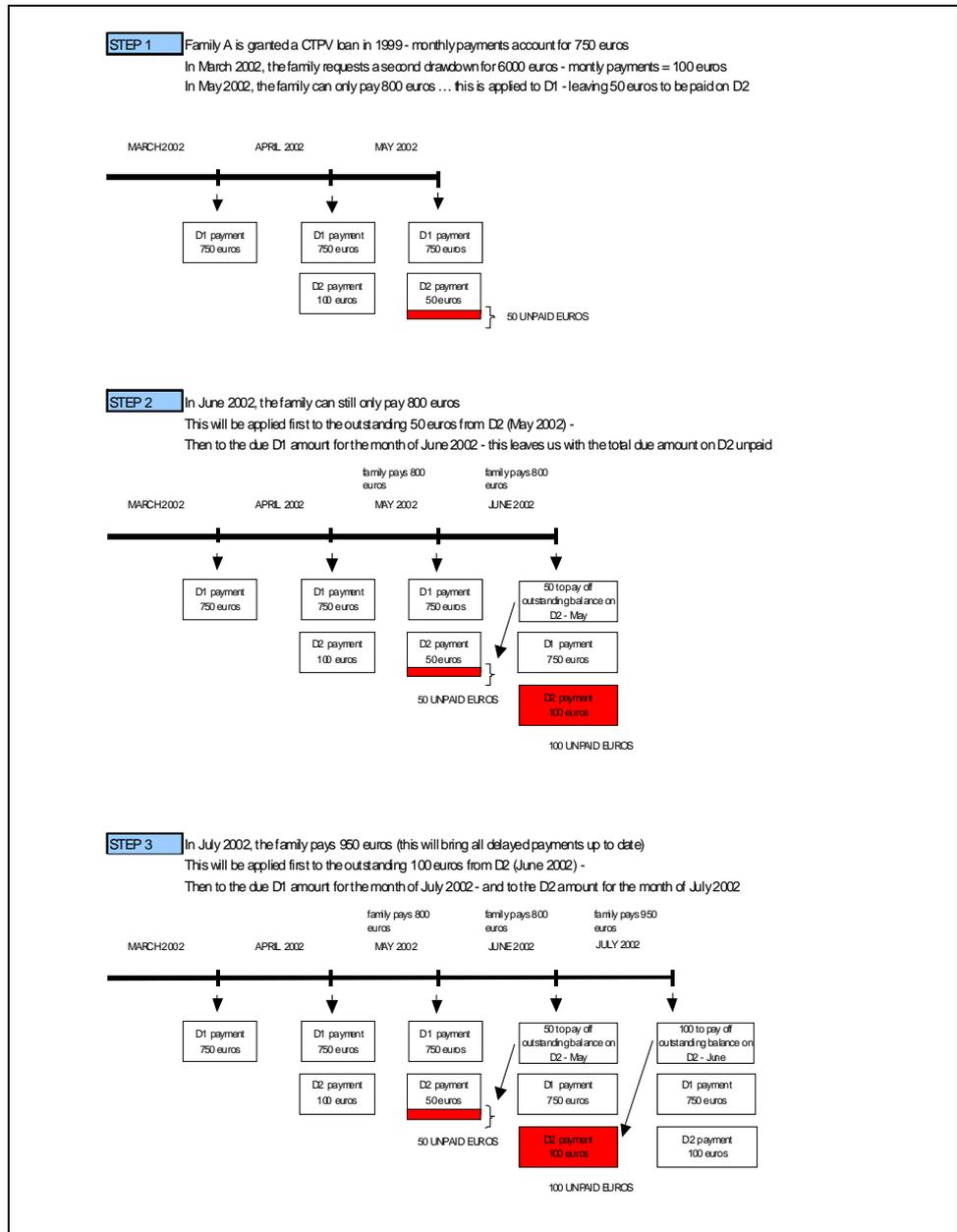
***Flexible mortgages
being securitised – first
drawdown of a line of
credit***

***CTPV: particular
characteristics***

***1) 1st drawdown +
additional drawdowns***

OVERVIEW

- The product being securitized under HIPOCAT- 6 is the first draw down for the purpose of acquiring a main residence of a mortgage product designed by Caixa Catalunya and marketed under the name “Crédito Total Primera Vivienda (Cuota Variable)”. The financial contract underlying CTPV is a line of credit. As it was the case in HIPOCAT-5, and HIPOCAT-4, subsequent advances under the line of credit will remain in Caixa Catalunya’s balance sheet.
- The first utilisation under CTPV mimics the behaviour of a standard mortgage loan in terms of purpose (buying the main residence of the obligor), amortisation profile (annuity), maturity (up to a maximum of 30 years), etc.;
- All the payment obligations under CTPV are backed by a first lien mortgage on the residential property being acquired and such mortgage is always registered in the Property Register. The first draw down under the line of credit is always used for the purpose of buying the obligors main residence.
- Granted to individuals residing in Spain
- Product is set up as a line of credit – with an underlying mortgage guarantee (the guarantee will be the residence that is acquired under the first drawdown)
- Successive drawdowns have no priority over previous drawdowns – all are pari passu (an example of how this works is provided later in this report)
- However, longer outstanding debts have priority over shorter outstanding debts and the rank of order also has priority (i.e. the first withdrawal would have priority over the second one, the second one can have priority over the third one, etc)
- Maximum amount of credit granted = 100% LTV. For all amounts over the 80% limit, a guarantee (personal in most cases) will be set up throughout the life of the loan.
- The first drawdown will have a maximum maturity of 30 years. Successive drawdowns will be capped at a maximum of 10 years.
- Each successive drawdowns is treated separately. Each has its own amortisation profile, generates its own invoice and has its own payment date (although this will be matched with that of the previous drawdowns).
- Additional drawdowns can only be granted if the following conditions are met and subject to Caixa Catalunya’s credit approval.
- There are no arrears
- Total outstanding debt (including the new drawdown) does not exceed 80% LTV
- Debt-to-income ratio does not exceed 40%.
- The combination of the first and successive withdrawals can never exceed the original maturity date.



Grace Periods

2) Grace Periods – Interest + Principal Holiday Payments

All HIPOCAT loans will have the option of enjoying grace periods, during which neither principal or interest are paid. Unpaid interest is capitalised at the end of the grace period. The following limitations apply to the use of such grace periods:

- No single grace period can last more than 12 consecutive months
- No more than 5 grace periods can be granted, for a total maximum of 36 months
- The CTPV initial balance cannot be increased due to the interest that has been capitalised throughout the grace period.
- Grace periods are only granted subject to Caixa Catalunya's approval

Transaction structured as a fondo de titulización de activos (FTA)

STRUCTURAL AND LEGAL ASPECTS

The (BTAs) are issued by an asset securitisation fund (fondo de titulización de activos) which was created and is managed by Gestión de Activos Titulizados, SGFTH, S.A., the management company.

Under Spanish law, each PH or CTH (Certificado de Transmisión de Hipoteca) 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 fund does not possess any legal personality of its own, any such action must be taken on its behalf by the management company. In this transaction, the PHs together 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 BTAs issued by the fund are subject to withholding tax (EU residents are exempt from this tax).

All of the mortgage loans securing the PHs were originated by Caixa Catalunya (**A2/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.

The swap: caixa catalunya will provide the swap despite its A2 rating

Caixa Catalunya will provide the swap. However, as Caixa Catalunya's rating is below A1, it will provide upfront a cash collateral equal to 102% of the swap's mark-to-market value.

HIPOCAT 6 will:

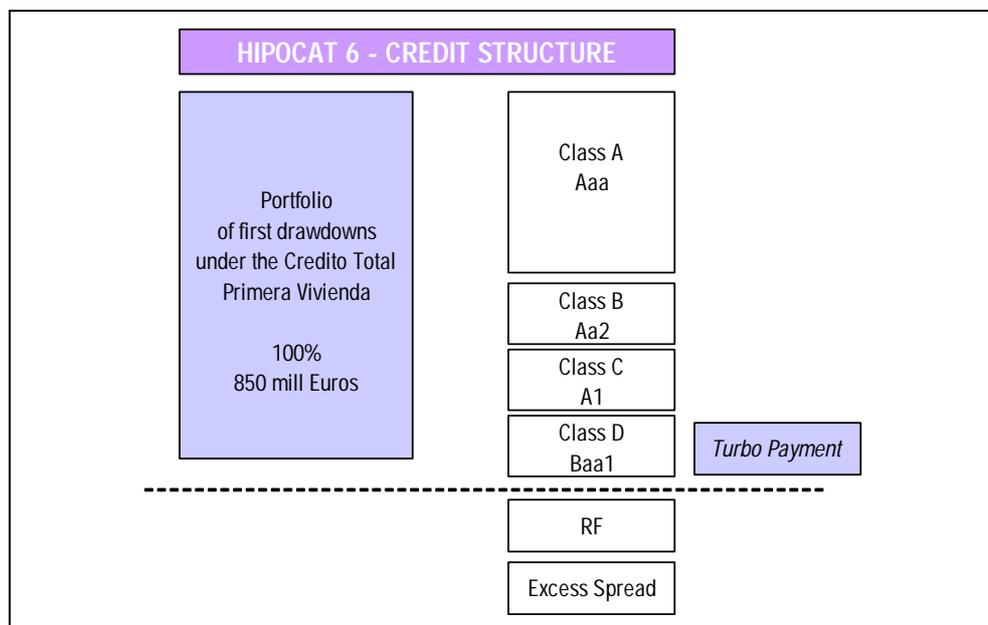
- Pay to Caixa Cataluña the interest received on the mortgage portfolio
- Receive 3 month Euribor + Weighted Average Spread on the Notes Outstanding + 65 bps on the Swap Notional.
- The swap notional is the notional of assets less those loans 3 months in arrears or payment holidays.

In the event that Caixa Catalunya loses its A2, P-1 rating - Caixa will need to do the following -

- At loss of A2 or P-1:
 - The swap counterparty must be replaced (or guaranteed) by another entity rated A1 or higher, or
 - The cash collateral must be increased to 102% of (swap + swap notional x **0.20%** x average life of swap)
- At loss of **Baa2** or **P-2**:
 - The swap counterparty must be replaced (or guaranteed) by another entity rated A1 or higher, or
 - The cash collateral must be increased to 102% of (swap + swap notional x **0.40%** x average life of swap)

Failure to perform any of the above actions will constitute an event of default.

The structure



TURBO PAYMENT MECHANISM

The Class D Turbo Mechanism

The financial intermediation margin for Caixa Catalunya will be used to repay the D note faster.

The bond subordination is gradually replaced with overcollateralisation (OC) as the notes are repaid because the bonds will be paid off while the assets are still outstanding. OC is more beneficial to the economic equilibrium of the fund than subordination.

This mechanism helps the most subordinated tranche to obtain a better rating than it would have had without the turbo mechanism.

The RF + STEP-UP Mechanism

The transaction will have a dynamic RF calculation tied to the performance of the deal.

The triggers

- If the 3M rolling average of loans 90+ days' arrears is lower than 3%, then the RF will be the lowest of the following amounts:
 1. the initial RF 2.3% of the bonds original balance
 2. the largest of (i) 5.75% of the bonds' outstanding balance, or (ii) 1.40% of the initial issuance amount
- However, if the average of loans 90+ days in arrears is equal to or more than 3% of (the average calculated over the last 3 months), then the RF will be the lowest of the following amounts:
 1. the maximum level of RF
 2. the largest of (i) 6.25% of the bonds' outstanding balance, or (ii) 1.60% of the initial issuance amount

The RF will be calculated following the second trigger, until the arrears level is below 2.2% for four consecutive months, at which point, the RF will be calculated according to the first trigger.

In any case, should 90+ days' arrears plus the outstanding balance of those loans under grace periods be higher than 3.5% of the PHs' outstanding balance, the RF will not be amortised.

The liquidity lines

HIPOCAT 6 will have the possibility of including 2 liquidity lines within the deal.

LIQUIDITY LINE A: If the percentage of borrowers in a grace period exceeds the levels referred to below, Caixa Catalunya will set up a liquidity line that will cover any possible liquidity shortfall caused by such loans.

Repayment of this liquidity line will be completely subordinated to all other items in the cash waterfall.

LIQUIDITY LINE B: If the Fund does not have enough spread to fund the Reserve Fund to its targeted level, Caixa Catalunya will establish a liquidity line for an amount limited to the interest and principal holidays related to loans in grace periods in order to replenish the Reserve Fund to its required level.

Repayment of this liquidity line will occur after interest payment on Tranches A, B and C.

The grace period triggers

Given the risk posed by grace periods in this transaction, we have determined a dynamic formula by which the percentage of debtors using these grace periods will never exceed a certain level in any one period of time. Taking this into account, we have determined that the percentage of debtors utilising a grace period will never exceed the following percentages during the following years:

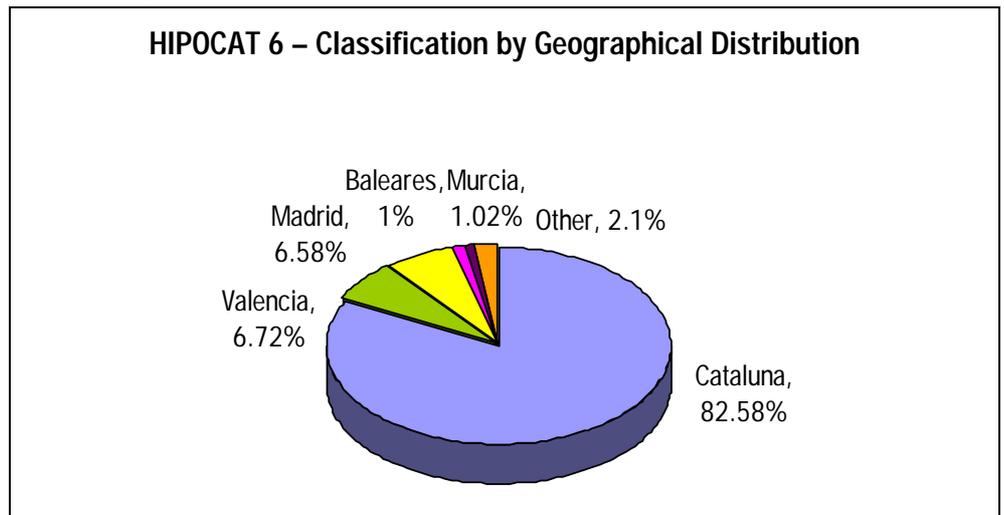
- At Issuance < 30%
- At Year 5 < 35%
- At Year 10 < 43%
- At Year 15 < 53%
- At Year 20 < 66%
- Over year 21 < 70%

Writeoff mechanism

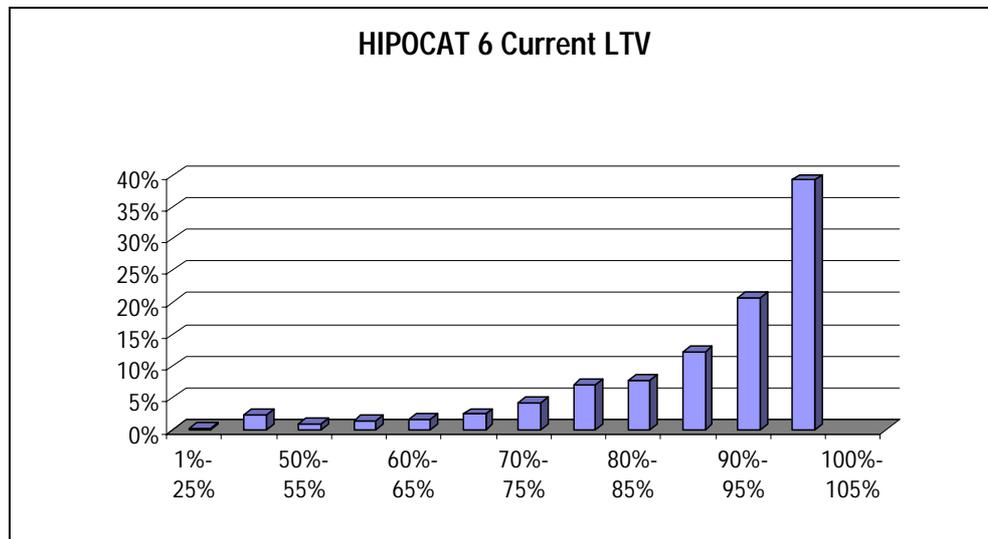
At any payment date, the amount of principal due under the notes will be calculated as the difference between the Outstanding Principal Balance of the Notes and the Outstanding Balance of the Mortgage Shares. The Outstanding Balance of the Mortgage Shares will be the sum of performing loans plus loans in arrears less than 36 months.

COLLATERAL – REFERENCE PORTFOLIO

As of August, the portfolio comprised 11,709 loans, representing a provisional portfolio of 970,470,578 Euros. The collateral backing the note issuance entirely comprises first property mortgage loans. All the properties on which the mortgage security has been granted are covered by property damage insurance and fire insurance. The loans are originated between 1996 and 2002. Geographically the pool is concentrated Catalonia.



The current WALTV is approximately 87.46%. The average loan size is 80,792 Euros and the highest size is 484,917 Euros. The pool benefits from a seasoning of 2.75 years. All loans have been originated and underwritten directly by Caixa Catalu a.



Comparison with previous HIPOCAT deals

HIPOCAT I		HIPOCAT II		Flexible Mortgages HIPOCAT III		Flexible Mortgages HIPOCAT IV		Flexible Mortgages HIPOCAT V		Flexible Mortgages HIPOCAT VI	
Aaa	96.55%	Aaa	96.40%	Aaa	96.49%	Aaa	92.73%	Aaa	93.20%	Aaa	
A2	3.45%	A2	3.60%	A2	3.51%	Aa2	2.97%	Aa2	3.85%	Aa2	
						A2	4.30%	A2	2.95%	A2	
WALTV	54.75%	WALTV	55.23%	WALTV	54.40%	WALTV	74.36%	WALTV	85.38%	WALTV	86.62%
Spread	0.60%	Spread	0.60%	Spread	0.65%	Spread	0.65%	Spread	0.65%	Spread	0.65%
SWAP	NO	SWAP	YES	SWAP	YES	SWAP	YES	SWAP	YES	SWAP	YES
RF	1.45%	RF	1.35%	RF	1.50%	RF	1.50%	RF	2.95%	RF	

Caixa Catalunya (A2/P-1) is the originator for this deal

ORIGINATOR, SERVICER AND DUE DILIGENCE

Caixa Catalunya's **A2/Prime-1** deposit ratings and **C+** financial strength rating reflect its franchise as the second-largest financial institution in Catalonia, its sound financial fundamentals and its relatively low risk balance sheet, which is dominated by its domestic retail business with a large proportion of residential mortgages.

Caixa Catalunya has now completed a growth strategy aimed at strengthening its domestic retail banking position outside its traditional region. Currently, 75% of the branches are situated in Catalonia and the rest distributed all over Spain. Caixa Catalunya has almost doubled the size of its assets. Going forward, Caixa Catalunya needs to gather momentum in its commercial activity. To this end, management has made a significant effort to provide its network with the necessary tools to succeed in this task.

Notwithstanding the above, and while we recognise the significant growth potential and visible results so far, the implementation of its strategic plan would imply a shift in its business model - a challenging task for Caixa Catalunya, an institution that has traditionally been product-driven and with a less sophisticated approach to its client base. The ratings also reflect Caixa Catalunya's tight lending margins, the challenge to achieve sustained efficiency gains and the increasing leverage of its capital base.

Loan-by-loan model used but assuming that the totality of the line of credit is withdrawn from day 1, with 2 additions – 1. drawdown analysis and 2. grace periods analysis

MOODY'S ANALYSIS

Moody's has taken the following issues into account when analysing this deal.

- POTENTIAL SUBSEQUENT REDRAWS

We use the Loan-By-Loan (LBL) model to obtain a credit enhancement figure: Given that this deal involves mortgages linked to a line of credit (LOC), we assume that the total amount of allowed credit will be used. For example, if our LOC limit is €10,000 but during the first redraw we only use €9,000, Moody's will assume that the total amount redrawn at once is the total available amount, i.e. €10,000. What is the worst-case scenario that we could see with this particular type of product? That 100% of the pool will not amortise proportionally, but rather could potentially stay at an 80% LTV level until the very end of the deal.

- GRACE PERIODS

Grace periods are a matter of concern in this deal since they constitute full interest and principal payment holidays. We have performed an analysis to determine what would be the effect on the deal if a certain percentage of borrowers were to decide to exercise this option. The model examines two key issues: firstly we analyse what is received from the assets themselves; secondly, we examine what would need to be paid on the bonds.

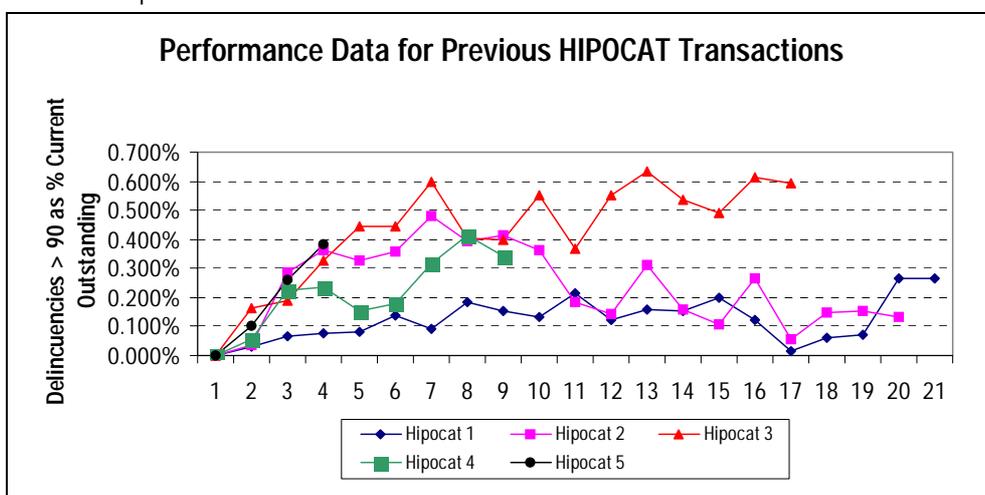
The risk deriving from the grace periods is mitigated by the following factors:

- The inclusion of liquidity lines A and B
- The fact that principal can be used to pay interest (thus the fund can potentially use the principal + interest received on the loans to as a cushion to pay off interest on the bonds)
- The fact that we have increased the final enhancement of the deal to account for the possible grace periods.
- CLASS D TURBO REPAYMENT

Structurally, this mechanism will create an overcollateralisation within the deal since excess spread will be used to redeem the Class D Notes, and thus making the balance of the mortgage pool exceed the balance of the Notes. Moody's views this mechanism quite favourable and thus is able to give credit to the Class D rating.

Good provided arrears data

CC has provided 8 years of delinquency data that has proven to be quite useful in our analysis. This data however, is based on outstanding balances at time of tracking the datapoints and therefore do not provide a static view of the deal's performance over time.



Caixa Catalunya has also provided us with prepayment information on their mortgage loan portfolio.

RATING SENSITIVITIES AND MONITORING

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.

RELATED RESEARCH

Previous HIPOCAT 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:

- HIPOCAT 1 NIR + PERFORMANCE OVERVIEWS
- HIPOCAT 2 NIR + PERFORMANCE OVERVIEWS
- HIPOCAT 3 NIR + PERFORMANCE OVERVIEWS
- HIPOCAT 4 NIR + PERFORMANCE OVERVIEWS
- HIPOCAT 5 NIR + PERFORMANCE OVERVIEWS

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