Rating Report

# CAIXABANK CONSUMO 3, F.T.


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DBRS

*Insight beyond the rating.*

## Ratings and Issuer's Assets and Liabilities

| Debt | Par Amount 1 | Initial Subordination 2 | Coupon | ISIN | Rating | Rating Action |
|---|---|---|---|---|---|---|
| Series A | EUR 2,278,500,000 | 11.0% | 3-month Euribor + 0.75% | ES0305274005 | A (high) (sf) | Provisional Rating - Finalised |
| Series B | EUR 171,500,000 | 4.0% | 3-month Euribor + 1.00% | ES0305274013 | CC (sf) | Provisional Rating - Finalised |

Notes:
1 As at the issue date.
2 Subordination is expressed in terms of portfolio size and includes the Reserve Fund for the Series A and Series B notes.
3 The Reserve Fund will be fully funded through a subordinated loan on the issue date.

| | Initial Amount (EUR) | Size |
|---|---|---|
| Asset Portfolio | EUR 2,450,000,000 | 100.00% |
| Reserve Fund 3 | EUR 98,000,000 | 4.00% |

DBRS Ratings Limited (DBRS) has finalised its provisional ratings assigned to the notes issued by CAIXABANK CONSUMO 3, FT (Caixabank Consumo 3 or the Issuer); a static securitisation fund issued on 20 July 2017 under Spanish securitisation law. The Series A and Series B notes were issued at closing to finance the purchase of a portfolio of consumer credit rights originated by CaixaBank, S.A. (CaixaBank). The portfolio comprises unsecured consumer loans and mortgage consumer loans including standard loans and current drawdowns of a revolving mortgage credit line called "Crédito Abierto". The transaction is managed by CaixaBank Titulización, S.G.F.T., S.A. (the Management Company or CaixaBank Titulización). CaixaBank will be the servicer of the portfolio.

### Portfolio Summary (12 July 2017)

| | |
|---|---|
| **Portfolio Balance** | EUR 2,513,171,116 |
| **Unsecured loans** | 2,052,672,901 |
| **Secured assets** | 460,498,215 |
| **Weighted Average Seasoning** | 27.02 months |
| **Current Combined Loan-to- Value (LTV) (Mortgage Loans only)** | 63.2% |

| | |
|---|---|
| **Asset Class** | RMBS/ABS |
| **Governing Jurisdiction** | Kingdom of Spain |
| **Sovereign Rating** | A (low) |

## Transaction Overview

### Transaction parties

| Roles | Counterparty | Rating |
|---|---|---|
| Issuer | Caixabank CONSUMO 3, F.T. | Not Rated. |
| Originator, Seller and Servicer | CaixaBank, S.A. | A(low) / R-1 (low) / Stable Trend<br>COR: A (high) / R-1 (middle) Stable |
| Subordinated Loan Provider (Initial expenses and Reserve fund) | CaixaBank, S.A. | A(low) / R-1 (low) / Stable Trend |
| Account Bank and Paying Agent | CaixaBank, S.A. | A(low) / R-1 (low) / Stable Trend<br>COR: A (high) / R-1 (middle) Stable |
| Arranger and Management Company | CaixaBank Titulización SGFT, S.A. | Not Rated |
| Guaranteed Reinvestment Agreement Provider | CaixaBank, S.A. | A(low) / / R-1 (low) / Stable Trend<br>COR: A (high) / R-1 (middle) Stable |

### Relevant dates

| | |
|---|---|
| Issue Date | 20 July 2017 |
| First Payment Date | 20 December 2017 |
| Payment Dates | Quarterly on the 20th of March, June, September and December |
| Collection Period | Each day of any calendar monthly |
| Legal Final Maturity Date | 20 March 2053 |

## Rating Considerations

- The portfolio consists of consumer credit rights originated by CaixaBank. The portfolio composition is formed by standard unsecured consumer loans (81.7%) standard mortgage loans (3.3%) and current drawdowns of revolving mortgage credit lines (15.0%). Borrowers with current drawdowns of a revolving mortgage credit line are permitted to draw further advances, subject to borrower performance and eligibility criteria.
- 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. Since Q1 2014, Spanish House Prices have increased by 6.4%.
- Repayment of the notes is sequential; hence, the amortisation of the Series B notes can only occur after the Series A notes have been repaid in full.
- The notes pay three-month Euribor, and the collateral pays either a fixed rate or 12-month Euribor or other floating-rate indexes closely linked to 12-month Euribor.

### Strengths

- **Seasoning:** The portfolio has a weighted-average seasoning of 27 months. The weighted-average seasoning of the mortgage consumer loans is 97 months whereas the weighted-average seasoning of the unsecured consumer loans is 11.5 months.
- **Diversified Portfolio:** The portfolio consists of 287,013 credits rights parts to 258,153 borrowers with the three largest Spanish autonomous regions being Catalonia (32.7%), Andalusia (17.3%) and Madrid (12.1%).
- **Sequential Amortisation:** The Series A notes will receive all principal payments until paid in full. Additionally, the principal of the Series A notes is senior to the interest payments of the Series B notes in the waterfall. Principal amortisation includes a provision mechanism for defaults (loans more than 18 months in arrears) through the utilisation of excess spread in the transaction waterfall.
- **Amortising Reserve Fund:** The Reserve Fund provides liquidity and credit support to the Series A and Series B notes. The Reserve Fund is fully funded at the close of the transaction in an amount equal to 4.0% of the Series A and Series B notes. The Reserve Fund will amortise subject to a floor and collateral performance triggers.

### Challenges and Mitigating Factors

- **Moderately High Indexed LTVs:** The weighted-average current combined loan-to-value (CLTV) of the mortgage consumer loans is 63.2% with 20.5% having a CLTV of greater than 80%. However, the weighted-average indexed CLTV (INE data) is 87.1% with 57.3% of the loans having an indexed CLTV greater than 80%.

  ***Mitigants:*** Property values are indexed with the INE house price index to Q4 2016 for the purpose of calculating the CLTV to estimate portfolio default rates and losses with the European RMBS Insight Model. Additionally, market value declines are stressed to take into account potential further home price declines.

- **'Crédito Abierto' drawdown loans:** 15.0% of the consumer loans in the portfolio are backed by 'Crédito Abierto' mortgage drawdowns 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 (SPV), but will rank pari passu with amounts securitised.

  ***Mitigants:*** DBRS assumed the 'Crédito Abierto' mortgage drawdown amounts were fully drawn for the purpose of calculating the LTV in the Portfolio Default Rate Default analysis when running the European RMBS Insight Model.

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

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

- **Interest Rate and Basis Risk:** The interest rate risk and basis risk in this transaction is unhedged. The liabilities are indexed to three-month Euribor and reset quarterly whereas 73.7% of the loans in the whole portfolio are fixed rate. The majority of the fixed-rate loans correspond to the unsecured consumer portion (88.2% of the unsecured consumer loans). The consumer mortgage credit rights are mostly floating-rate (90.7% of the consumer mortgage loans) and are indexed to 12-month Euribor.

  ***Mitigants:*** (1) Interest rate risk and basis risk for the Series A notes are partially mitigated by the subordination of the Series B interest payments in the priority of payments, (2) the Reserve Fund is available to cover interest payments to the Series A notes and (3) the high initial excess spread in the transaction; the weighted-average interest rate of the portfolio is 9.1%

## Transaction Structure

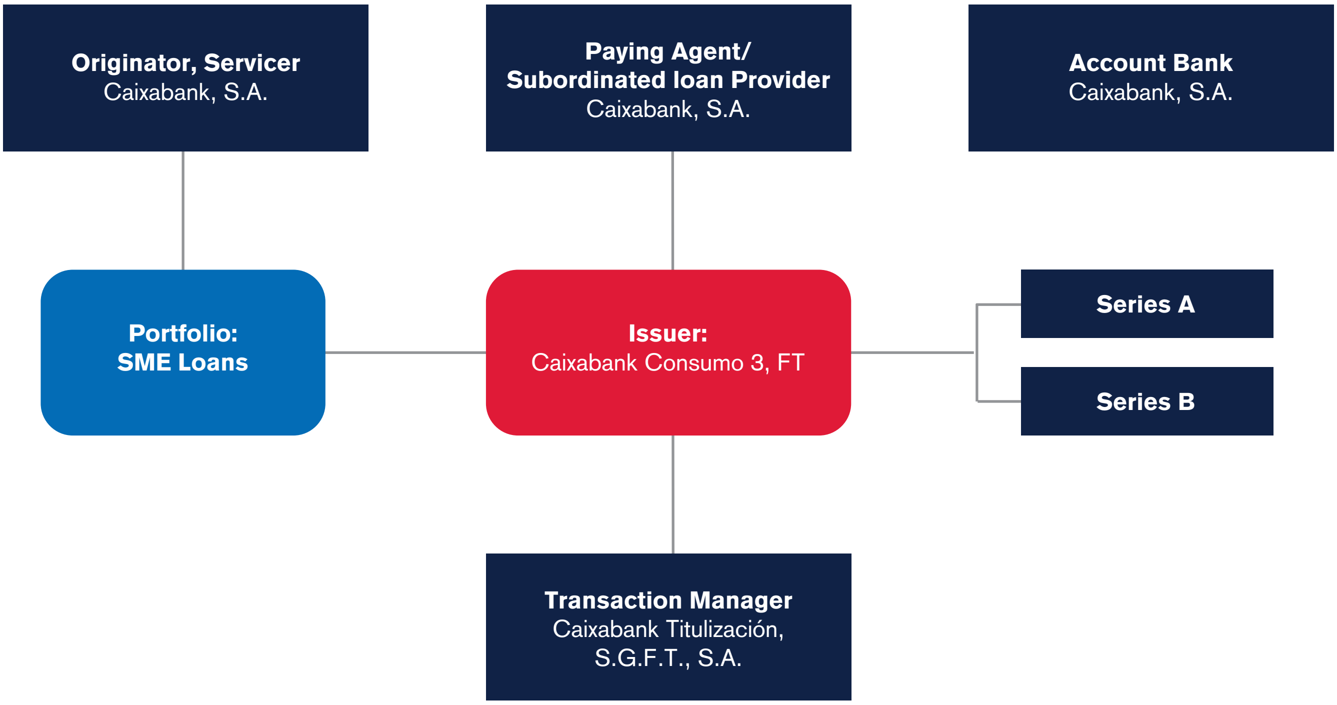
### Transaction summary

| | |
|---|---|
| **Currencies** | Issuer's assets and liabilities are denominated in euros (EUR) |
| **Relevant Legal Jurisdictions** | Mortgage consumer loans and credit lines and unsecured consumer loans are assigned to the Issuer as a true sale pursuant to Spanish securitisation law.<br>The issuer is a securitisation fund incorporated under Spanish securitisation law. |
| **Interest Rate Hedging** | None |
| **Basis Risk Hedging** | None |
| **Cash Reserve** | Provides liquidity and credit support to cover shortfalls on the payment of senior fees, interest and principal shortfalls on the Series A notes and Series B notes (once the Series A notes are fully amortised). |

| | |
|---|---|
| **Initial Amount:** | EUR 98,000,000 - 4.0% of the initial balance of the rated notes |
| **Target Amount** | 4.0% of the outstanding amount of the Series A and B notes. |
| **Floor Amount** | 4.0% of the outstanding amount of the Series A and B notes. |
| **Trigger** | 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; or (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 transaction Account Bank provider, holding the Treasury Account. DBRS publicly rates CaixaBank's Senior Unsecured Long-Term Debt & Deposit at A (low) and Short-Term Debt & Deposit at R-1 (low) with a Long Term Critical Obligations Rating (COR) of A (high) and a Short Term Critical Obligations Rating of R-1 (middle). All ratings have a Stable trend. DBRS concluded that CaixaBank meets its minimum criteria to act as Account Bank.

The transaction contains downgrade provisions related to the Account Bank. The downgrade provisions require that CaixaBank be replaced as Account Bank upon breach of certain rating provisions. If the Account Bank's applicable rating from DBRS is downgraded below BBB, within 30 labour days, the Management Company on behalf of the fund would need to (1) find a guarantor with the minimum DBRS rating of BBB who will unconditionally and irrevocably guarantee the obligations of the treasury account agreement or (2) find a replacement with the minimum DBRS Account Bank rating of BBB.

The Account Bank's applicable rating from DBRS will be the higher of (1) the DBRS Long-Term Senior Debt Rating of the entity or (2) one notch below the COR.

The Treasury Account will hold the following amounts:

- Principal and interest collections.
- Any amount derived from the pool of receivables.
- The Cash Reserve amount.
- On the closing date the amounts from the subordinated loan of the set-up expenses.

The Management Company will enter into a paying agency agreement with CaixaBank on behalf of the Fund. The Paying Agent holds the Treasury Account. The paying agent will receive all the amounts needed to attend the issuer payments. The paying agent is performing the calculation of the amounts due and payable.

***Hedging Counterparty***

N/A

## Servicing of the Portfolio and Collections

CaixaBank is the Originator and the Seller and will service the portfolio on mandate by the Issuer in accordance with its customary practices. As per the ratings mentioned above, DBRS concluded that CaixaBank meets the minimum criteria to act as Originator and Servicer.

All borrower payments are collected by CaixaBank under a direct debit scheme and deposited in the Treasury Account with CaixaBank. Payments are transferred from the servicer account to the Treasury Account with 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. If the Servicer's DBRS rating is downgraded below BBB (low), the servicer would need to (1) find a replacement servicer, (2) find a back-up servicer or (3) fund a commingling reserve in line with DBRS criteria. DBRS believes that the Servicer's current financial condition, together with the provisions, mitigates the risk of a disruption in servicing following a servicer event of default including insolvency.

Funds available to the Issuer are collections made under the securitised receivables, including interest and principal components of instalments and recoveries under defaulted receivables. Additional sources of funds available to the Issuer are represented by the Cash Reserve held by the Issuer with the Account Bank. On each payment date, the amounts available in the Treasury Account will be distributed in accordance with the Priority of Payments as summarised below.

The available funds must be disbursed by the Issuer, as per the terms of the transaction documents, on specified dates (the payment dates). Funds processed on a given payment date are payments related to a specific quarterly period ending prior to the payment date (the collection period) and amounts collected but referred to during the following collection period should only be processed on the relevant payment date.

The Servicer is allowed to negotiate changes to existing credit rights within the permitted variations foreseen in the Servicing Agreement. The permitted variations are mainly limited to changes in the interest rate and maturity of the credit rights.

## Priority of Payments

### *Pre-Enforcement Priority of Payments*

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

1. Ordinary and extraordinary expenses and the servicing fee (if CaixaBank ceases to be the servicer);
2. Interest due on the Series A notes;
3. Principal on the Series A notes;
4. Replenishment of the Reserve Fund to the target level;
5. Interest due on the Series B notes;
6. Principal on the Series B notes;
7. Replenishment of the Reserve Fund to the target level once the Series A notes have been fully amortised;
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. Servicing fee (if CaixaBank is the servicer);
13. Payment of the financial intermediary 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 through the Post-Enforcement Priority of Payments:

1. Expenses related to the liquidation of the Fund or liquidation of taxes, administrative or advertising costs;
2. Payment of taxes, ordinary and extraordinary expenses and the servicing fee (if CaixaBank is not the servicer);
3. Interest due on the Series A notes;

4. Principal on the Series A notes;
5. Interest due on the Series B notes;
6. Principal on the Series 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. Servicing fee (as long as CaixaBank is the servicer);
12. Payment of the financial intermediary margin.

***Principal Amortisation***

Available funds to amortise principal are defined as the lower of (1) amortisation amounts for the Series A and Series B notes and (2) amounts available after payment of items 1 to 2 of the pre-enforcement waterfall.

The amortisation of the Series A and Series B notes will equate to the positive difference between (1) the amount outstanding of the Series A and Series B 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 Series A notes benefit from full sequential amortisation, with principal payments on the Series B notes starting once the Series A notes are redeemed in full. Additionally, principal payments on the Series A notes are senior to interest payments on the Series B notes.

## Early Liquidation Events

1. Once the outstanding balance of the assets is less than 10% of the initial balance and the proceeds from the sale of the assets are sufficient to pay down all notes outstanding;
2. If there are circumstances that permanently affect the financial stability of the SPV;
3. If the Management Company is declared bankrupt and a substitute is not appointed within four months;
4. In case of a non-payment indicating a serious and permanent imbalance that affects the transaction;
5. The first payment date following 36 months from the amortisation of the last loan in the portfolio.

## Cash Reserve

As of the Closing Date, the balance in the Reserve Fund (RF) was EUR 98.0 million, equivalent to 4% of the notes.

The RF is available to cover senior expenses as well as missed interest and principal payments on the notes, firstly on Series A and then on Series B once the Series A notes have paid in full.

The Reserve Fund balance must be maintained at the Minimum Level, defined as the 4% of the outstanding principal balance of the notes. However, no reduction of the required Reserve Fund level will be allowed (1) in the first two years, or, (2) if the Reserve Fund was not funded to the Minimum Level on the previous payment date.

## Collateral Summary

DBRS received a loan tape to conduct the credit analysis of the portfolio (as of 12 July 2017). In addition, DBRS was provided with historical performance data by origination quarter for arrears and recoveries from Q1 2008 to Q1 2017 for each product type. 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 these ratings to be of satisfactory quality.

The main characteristics of the portfolio are summarised below. All calculations are based on the portfolio as of 12 July 2016. Additionally, the representation 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 1.0% of the initial balance of the portfolio may be between 30 and 90 days in arrears, and none of the credit rights will be greater than 90 days in arrears.
- None of the credit rights have a maturity date later than 10 September 2049.
- All of the borrowers make payments via direct debit.
- All of the credit rights are used for consumer purposes granted to individuals residing in Spain.
- None of the credit rights have previously been subject to a grace period for capital and/or interest.
- None of the credit rights have been restructured.
- None of the borrowers will be employees of CaixaBank.

***Buyback/Indemnity Mechanics for the Breach***
If it is detected that any loans have hidden defects or are in breach of any of the representations, the Seller will agree to repair the hidden defect within 30 days following its identification or notification. If this is not possible, the Seller will replace the corresponding loans with others that have similar characteristics with respect to maturity profile, interest rate, notional and LTV level if approved by the Management Company.

In the case of mortgage loans, the Seller will replace the corresponding Mortgage Transfer Certificate with another of similar characteristics that is acceptable to the Management Company and that does not affect the ratings of the notes.

Any expenses incurred with the repair or replacement of such loans will be paid by the Seller. In the event that the Seller is unable to replace or repair the affected loans, the Management Company will request that the Seller buy back the affected loans, including accrued and unpaid interest, and deposit such amounts in the Fund's Treasury Account.

### Summary Statistics (DBRS Calculations) as 12 July 2017

| | Mortgage consumer loans 1 | Unsecured consumer loans | Total |
|---|---|---|---|
| Number of credits rights | 28,412 | 258,601 | 287,013 |
| Total Original Balance (EUR) | 637,880,133 | 2,596,413,766 | 3,234,293,899 |
| Total Current Balance (EUR) | 460,498,215 | 2,052,672,901 | 2,513,171,116 |
| Number of Borrowers | 19,497 | 239,597 | 258,153 |
| Average Original Balance per Borrower (EUR) | 32,717 | 10,837 | 12,529 |
| Average Current Balance per Borrower (EUR) | 23,619 | 8,597 | 9,735 |
| Maximum Original Balance (EUR) | 800,000 | 6,000,000 | 6,000,000 |
| Maximum Current Balance (EUR) | 779,666 | 6,000,000 | 6,000,000 |
| WA Original LTV (OLTV) | 59.6% | n.a. | |
| % >=80% OLTV | 21.9% | n.a. | |
| WA Combined Current LTV* | 63.2% | n.a. | |
| % >=80% Combined Current LTV* | 57.3% | n.a. | |
| WA Combined Current Indexed LTV* | 87.1% | n.a. | |
| WA Seasoning (months) | 97.2 | 11.53 | 27.02 |
| WA Remaining Term (months) | 195.9 | 49.2 | 74.0 |
| WA Interest Rate | 2.7% | 10.6 | 9.1 |

Source: CaixaBank
* This calculation considers the current loan amount for the standard loans and the total potential drawdown amount for the 'Crédito Abierto' loans.
1 Includes standard loans and current drawdowns of the "Crédito Abierto" revolving mortgage credit line.

### Summary Statistics (DBRS Calculations) as 12 July 2017

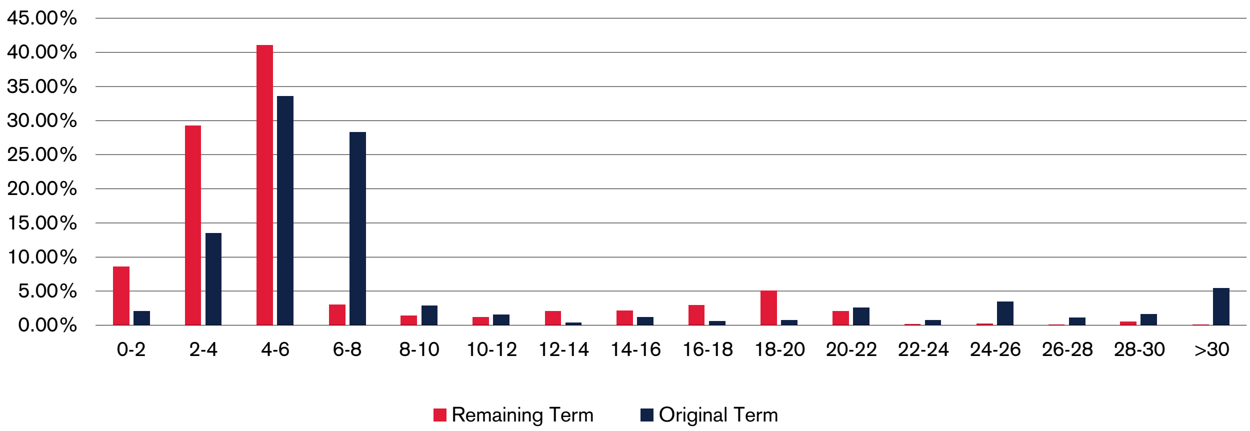
| | Mortgage consumer loans 1 | Unsecured consumer loans | Total |
|---|---|---|---|
| WA Margin | 1.6% | 4.3% | 2.4% |
| Fixed-rate loans | 2.3% | 88.2% | 73.7% |
| Self-Employed | 27.5% | 18.3% | 19.6% |
| Foreign Nationals | 1.6% | 11.2% | 9.3% |
| Second Liens | 21.0% | n.a. | |

Source: CaixaBank
* This calculation considers the current loan amount for the standard loans and the total potential drawdown amount for the 'Crédito Abierto' loans.
1 Includes standard loans and current drawdowns of the "Crédito Abierto" revolving mortgage credit line.

## Original Term vs Remaining Term

The original weighted-average term of the portfolio was 8.9 years while the current weighted-average remaining term of the portfolio is 6.4.

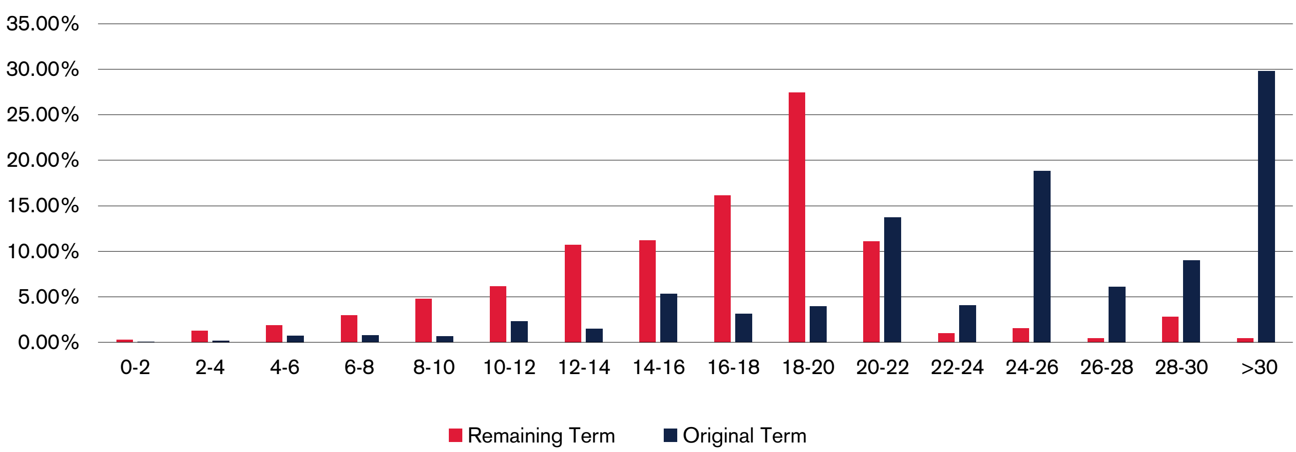
**Exhibit 1: Portfolio Loan Term Distribution (in years)**




Source: CaixaBank.

The original weighted-average term of the mortgage consumer credits rights was 24.4 years with 81.5% having an original term greater than 20 years and 29.8% having an original term greater than 30 years. The current weighted-average remaining term of the mortgage consumer credit rights is 16.3 years with 17.3% having a remaining term greater than 20 years and 10.5% having a remaining term greater than 30 years.

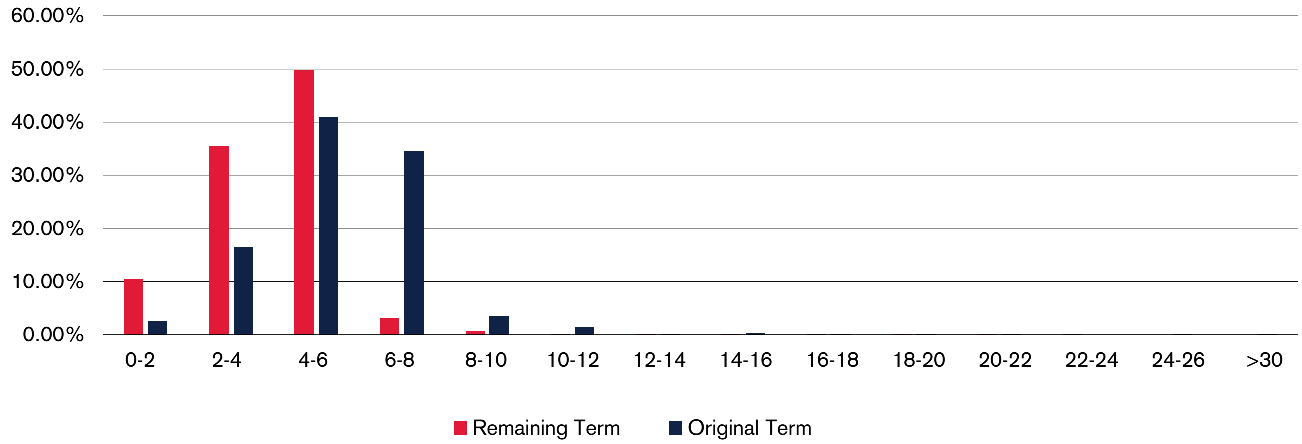
**Exhibit 2: Mortgage Loan Term Distribution (in years)**




Source: CaixaBank.

The unsecured consumer loans had an original weighted-average term of 5.1 years and a weighted-average remaining term of 4.1 years.

**Exhibit 3: Unsecured Loan Term Distribution (in years)**




Source: CaixaBank.

## Margin and Interest Rate

The majority of the mortgage consumer credit rights are floating-rate loans indexed to 12-month Euribor (61.8%) or to IRPH (28.9%). The weighted-average margin of the mortgage credit rights is 1.2% while the weighted-average interest rate is 2.4%.

The majority of the consumer loans are fixed rate (88.2%) with a weighted-average interest rate of 11.5%. The remaining 11.8% are floating-rate loans indexed to 12-month and three-month Euribor with a weighted-average margin of 4.3%.

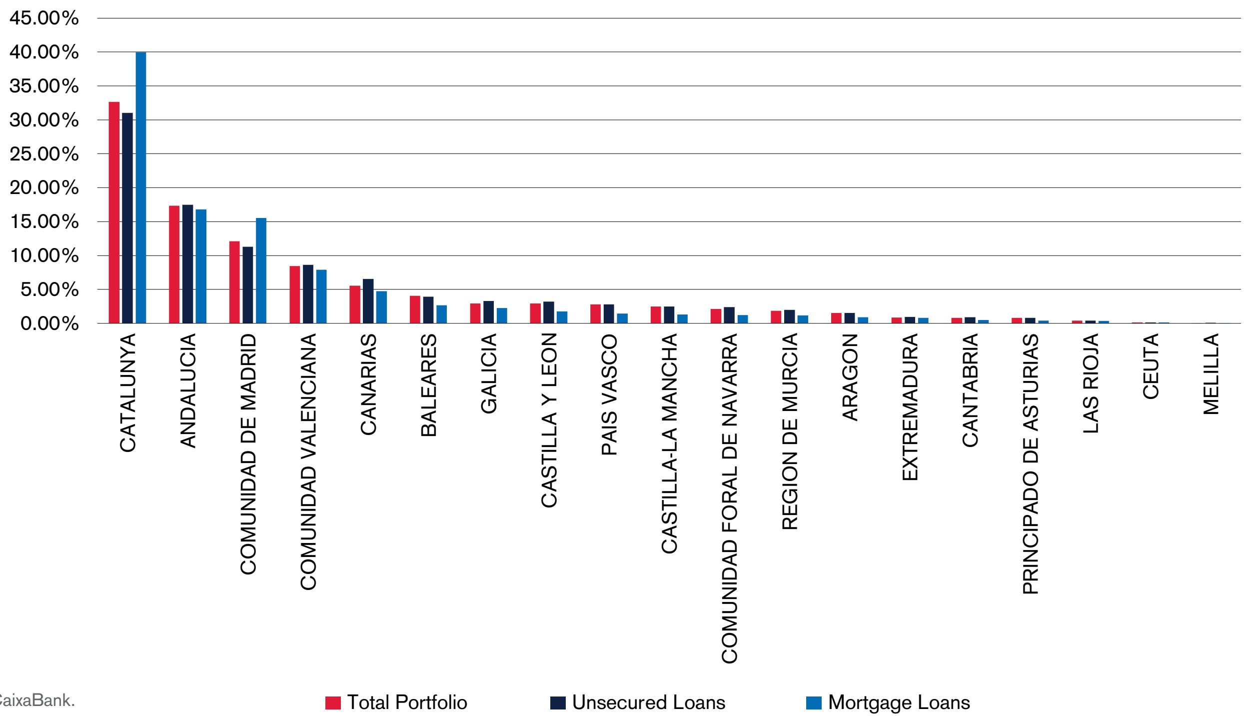
## Origination Vintages

The origination of the unsecured consumer loans was concentrated between 2015 and 2017 (96.3%), with 2016 being the largest vintage (58.8%) followed by 2017 (32.0%). The origination of mortgage consumer credit rights was concentrated in earlier vintages with 56.0% of the mortgage portfolio balance having been originated between 2006 and 2009. 11.6% of the mortgage portfolio balance was originated in 2016.

## Geographic Breakdown

The pool is primarily concentrated in Catalonia (32.7%), Andalusia (17.3%) and Madrid (12.1%). The distribution is reflective of CaixaBank's retail presence in Spain.

**Exhibit 4: Borrower Region**




Source: CaixaBank.

Spanish house prices have rebounded 6.4% 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 we can see in the table and chart below:

| Region | % Current Balance (Mortgage Loans) | Peak to Trough | Change Since Q1 2014 |
|---|---|---|---|
| National | 100% | -37.3% | 6.4% |
| Catalonia | 37.0% | -46.6% | 8.8% |
| Madrid | 16.4% | -43.1% | 9.1% |
| Andalusia | 14.2% | -29.7% | 5.8% |

## Rating Analysis

The ratings are based upon a review by DBRS of the following analytical considerations:

- Transaction capital structure, as well as form and sufficiency of available credit enhancement.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to terms in which they have invested.
- The transaction parties' capabilities with respect to originations, underwriting, servicing and financial strength.
- The credit quality of the collateral
- A review of the legal structure, transaction documents and opinions.

### Portfolio Performance Data

DBRS received historical delinquency and recovery data on CaixaBank's loan book divided by unsecured consumer loans, mortgage consumer loans and 'Crédito Abierto' mortgage drawdowns.

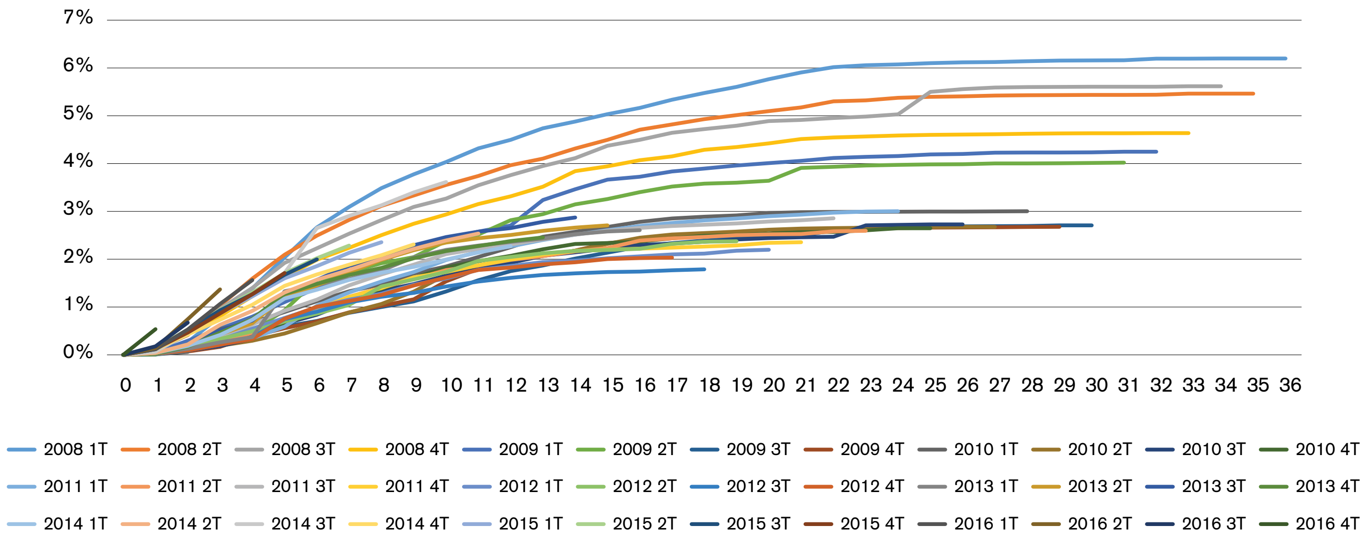
- Dynamic 90+ days arrears on a quarterly basis for the period Q4 2005 to Q4 2015.
- Dynamic 90+ days recoveries on a quarterly basis for the period Q4 2005 to Q4 2015.

DBRS considers that the information available to it for the purposes of providing these ratings was of satisfactory quality.

Taking into account the data provided, DBRS obtained the cumulative 90+ days arrears and the cumulative 90+ days recoveries for each of the portfolio's sub-pool.

*Cumulative 90+ Arrears – Unsecured Consumer Loans*

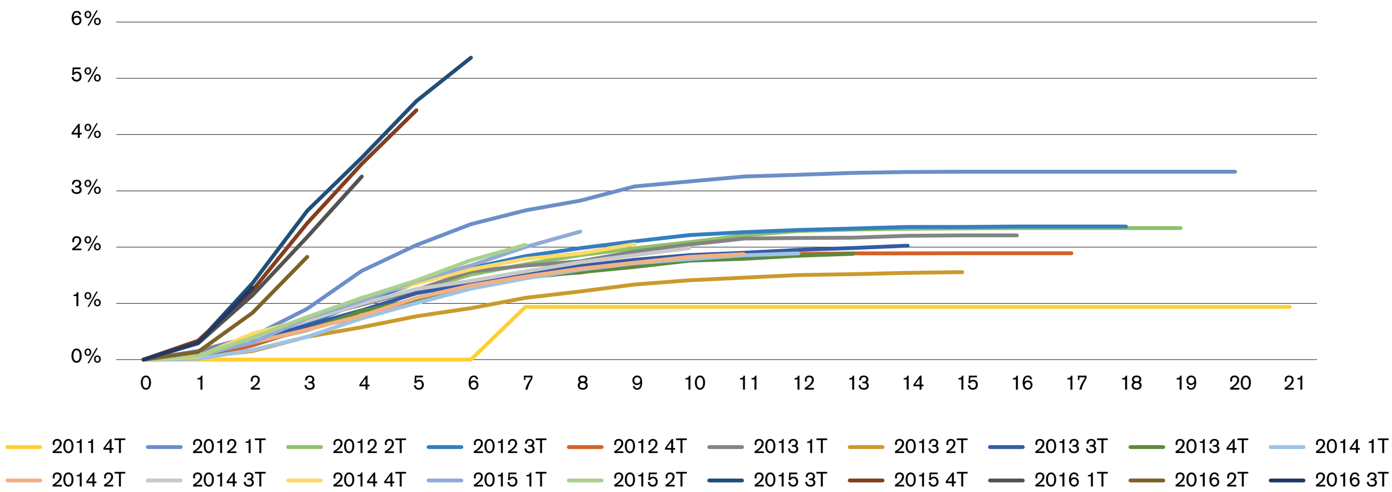
**Exhibit 5: 90+ Vintage Data - Unsecured Standard Consumer (no pre-approved)**




Source: CaixaBank.

*Cumulative 90+ Arrears – Unsecured Consumer Loans (Pre-approved)*

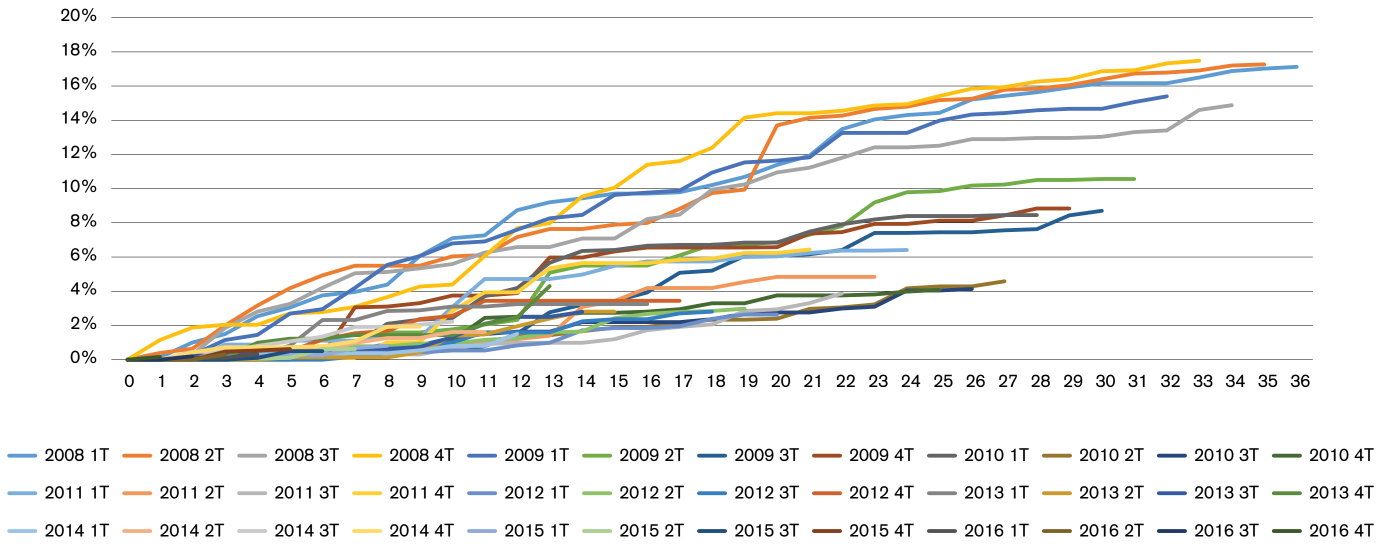
**Exhibit 6: 90+ Vintage Data - Pre-approved**




Source: CaixaBank.

### *Cumulative 90+ Arrears – Performance Data for Standard Mortgage Consumer Loans*

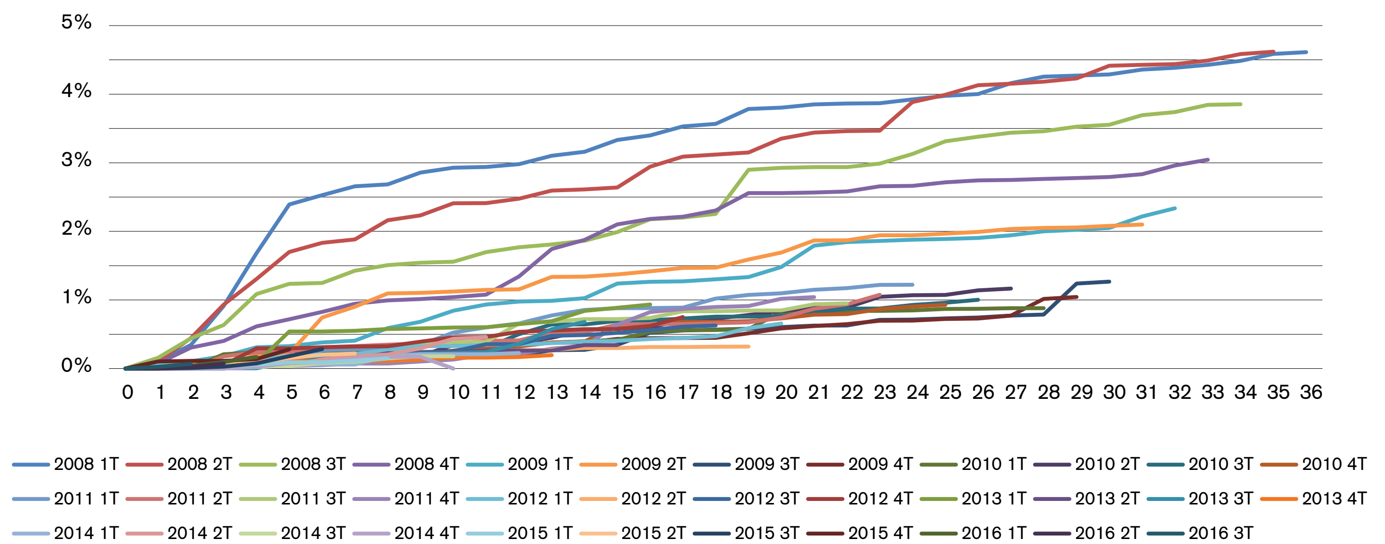
**Exhibit 7: 90+ Vintage Data - Mortgage Loans**




Source: CaixaBank.

### *Cumulative 90+ Arrears – Performance Data for Consumer Mortgage 'Crédito Abierto' Drawdowns*

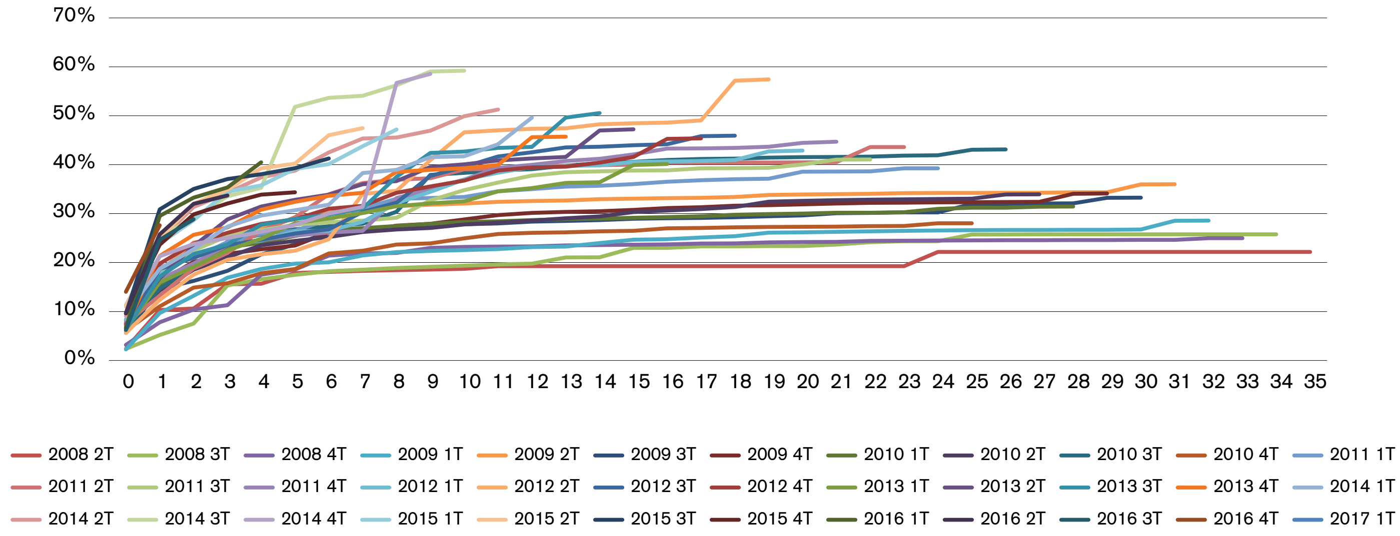
**Exhibit 8: 90+ Vintage Data - Credit Lines**




Source: CaixaBank.

## *Cumulative 90+Recoveries – Performance Data for Unsecured Consumer Loans*

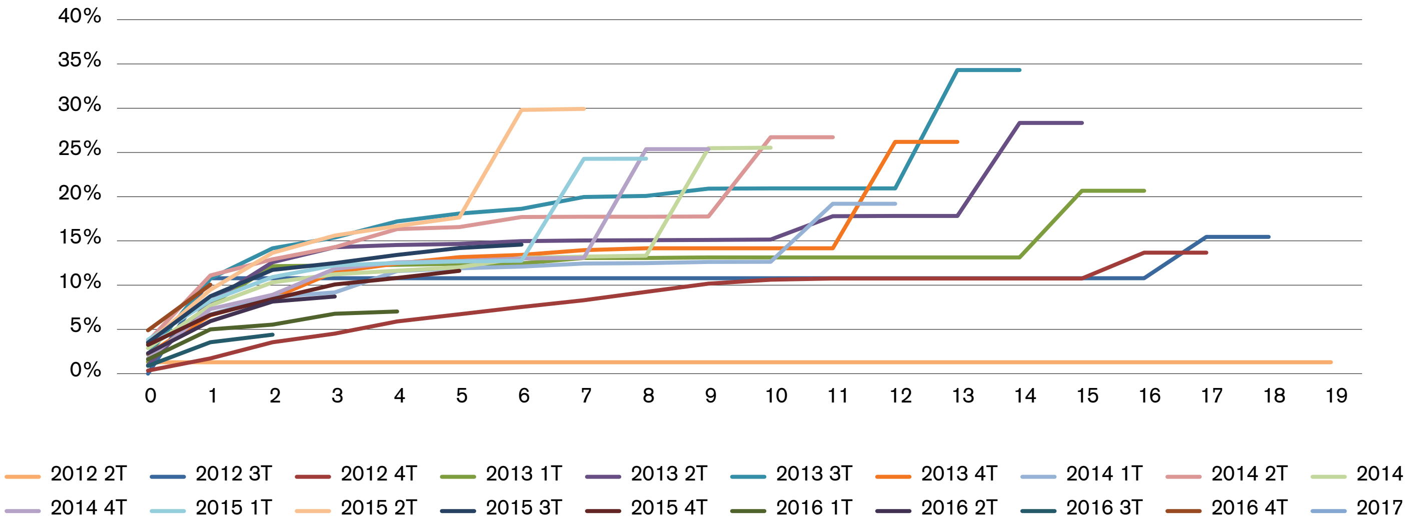
**Exhibit 9: Recoveries Data - Unsecured Standard Consumer (no pre-approved)**




Source: CaixaBank.

## *Cumulative 90+Recoveries – Performance Data for Unsecured Consumer Loans (Pre-approved)*

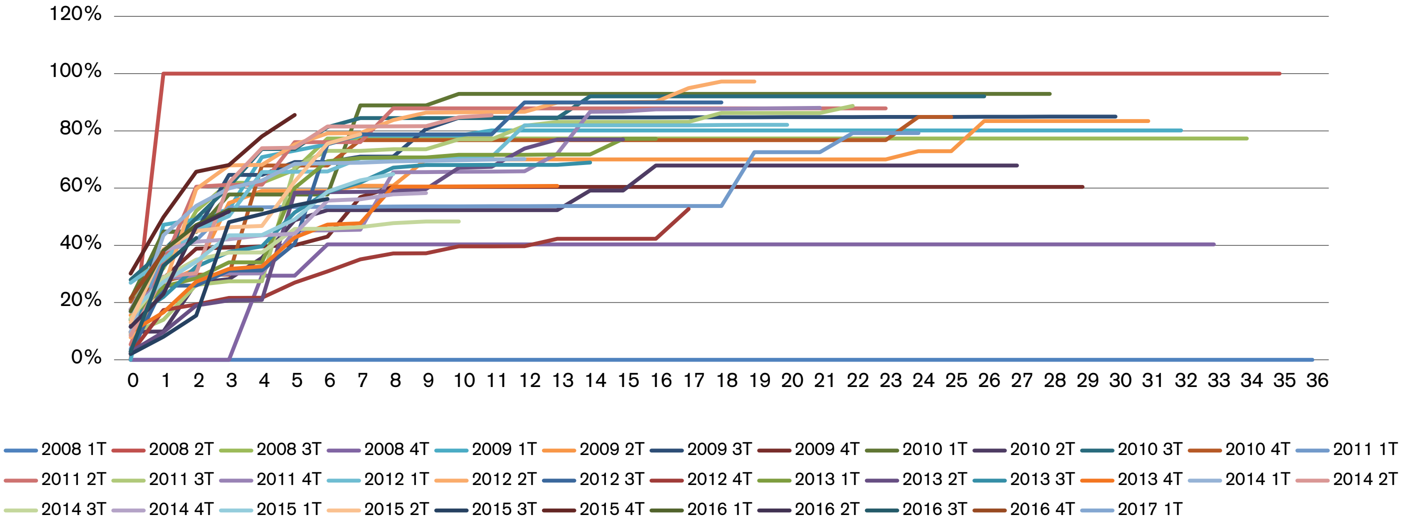
**Exhibit 10: Recoveries Data - Pre-approved**




Source: CaixaBank.

### *Cumulative 90+Recoveries – Performance Data for Standard Consumer Mortgage Loans*

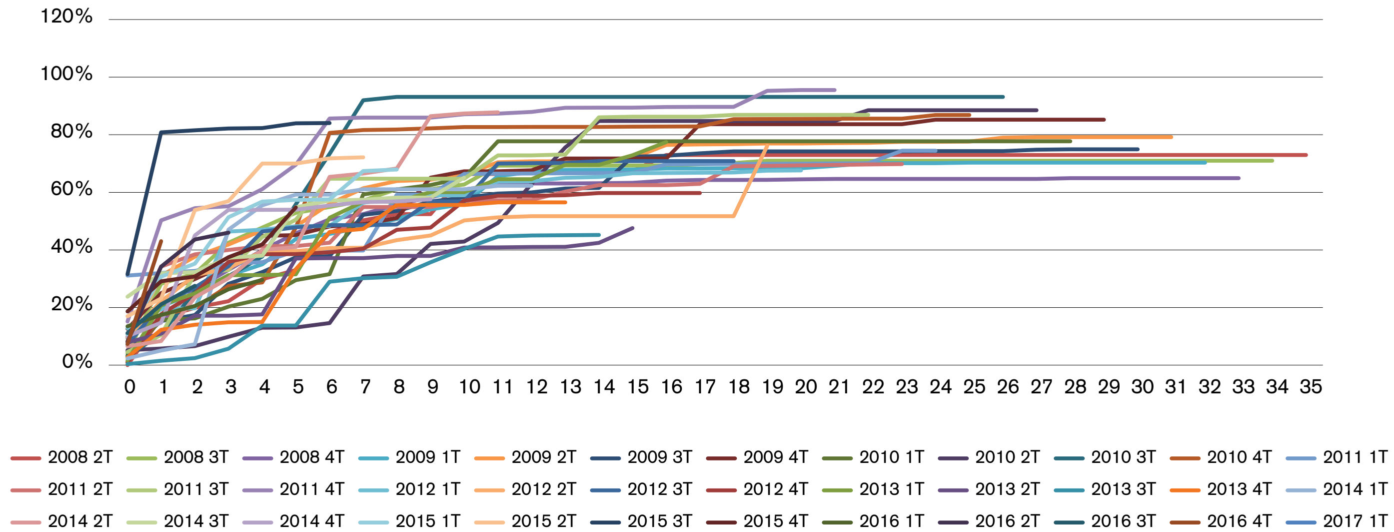
**Exhibit 11: Recoveries Data - Mortgages Loans**




Source: CaixaBank.

### *Cumulative 90+Recoveries – Performance Data for Consumer Mortgage 'Crédito Abierto' Drawdowns*

**Exhibit 12: Recoveries Data - Credit Lines**




Source: CaixaBank.

## European ABS Analysis

For the unsecured consumer portion of the portfolio, CaixaBank provided DBRS with quarterly vintage default (gross loss) and vintage recovery analysis. The vintage analysis is based on the securitised stock originated by CaixaBank over the years. Default and recovery analyses have been provided for the total portfolio split between standard consumer loans and pre-approved loans.

DBRS received historical performance data on gross defaults from Q1 2008 to Q1 2017. The definition of default used to extract the data is loans which are in arrears for longer than 90 days, which is different from the definition used in the prospectus.

### *Default Data*

**Exhibit 13: Standard Consumer Loans**

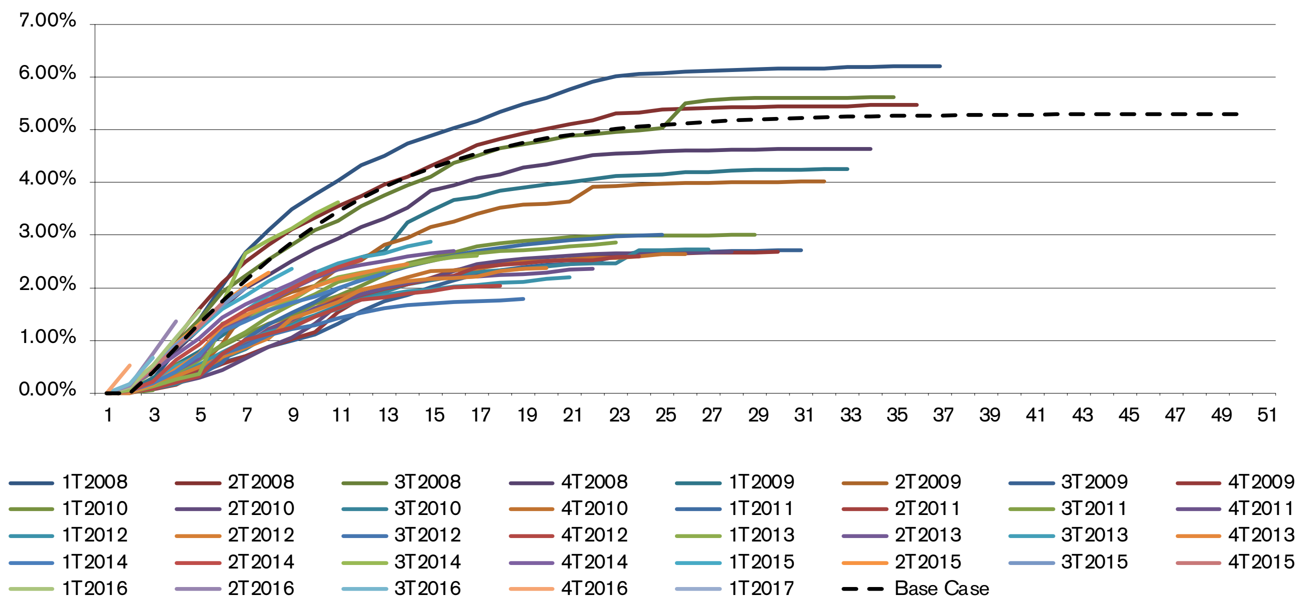
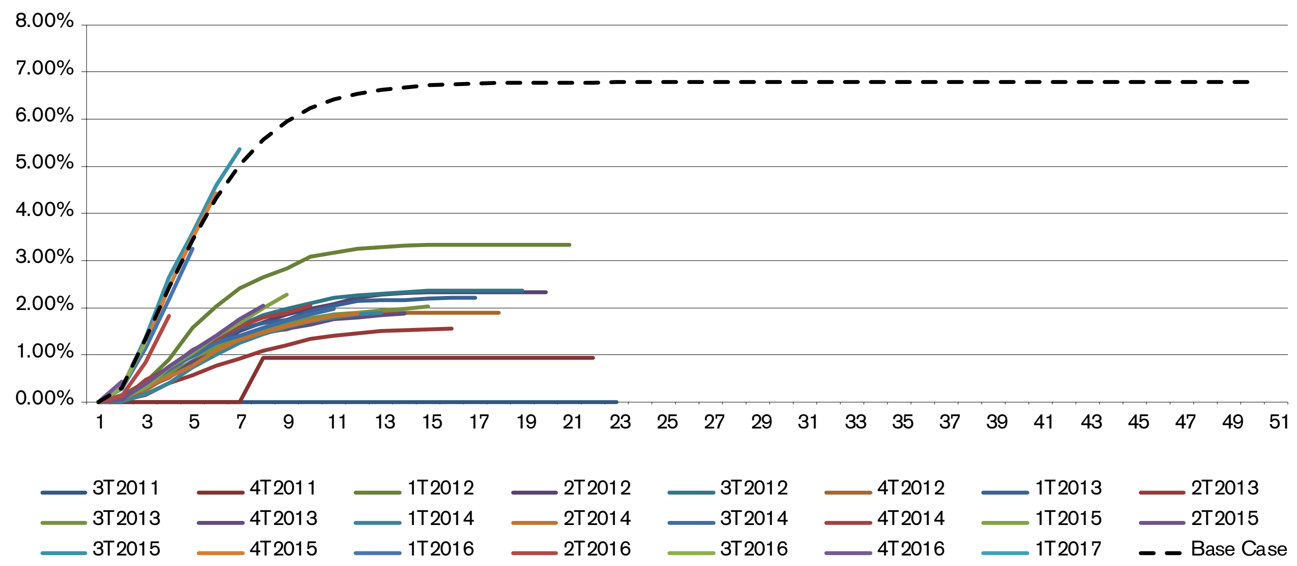



**Exhibit 14: Pre-approved Consumer Loans**




All provided vintages are used to extrapolate the base case default rate. After considering the quality and trend of data, DBRS calculates an expected default rate of 5.28% for standard consumer loans and 6.78% for pre-approved consumer loans. DBRS assumes an aggregate expected default rate of 5.99%.

***Recoveries (Loss Severities)***

As with the default information, DBRS received historical performance data on recoveries from Q1 2008 to Q1 2017 and split between standard consumer loans and pre-approved consumer loans. Recovery performance has been irregular over time with some significant deviations, especially for the pre-approved consumer loans.

**Exhibit 15: Standard Consumer Loans**

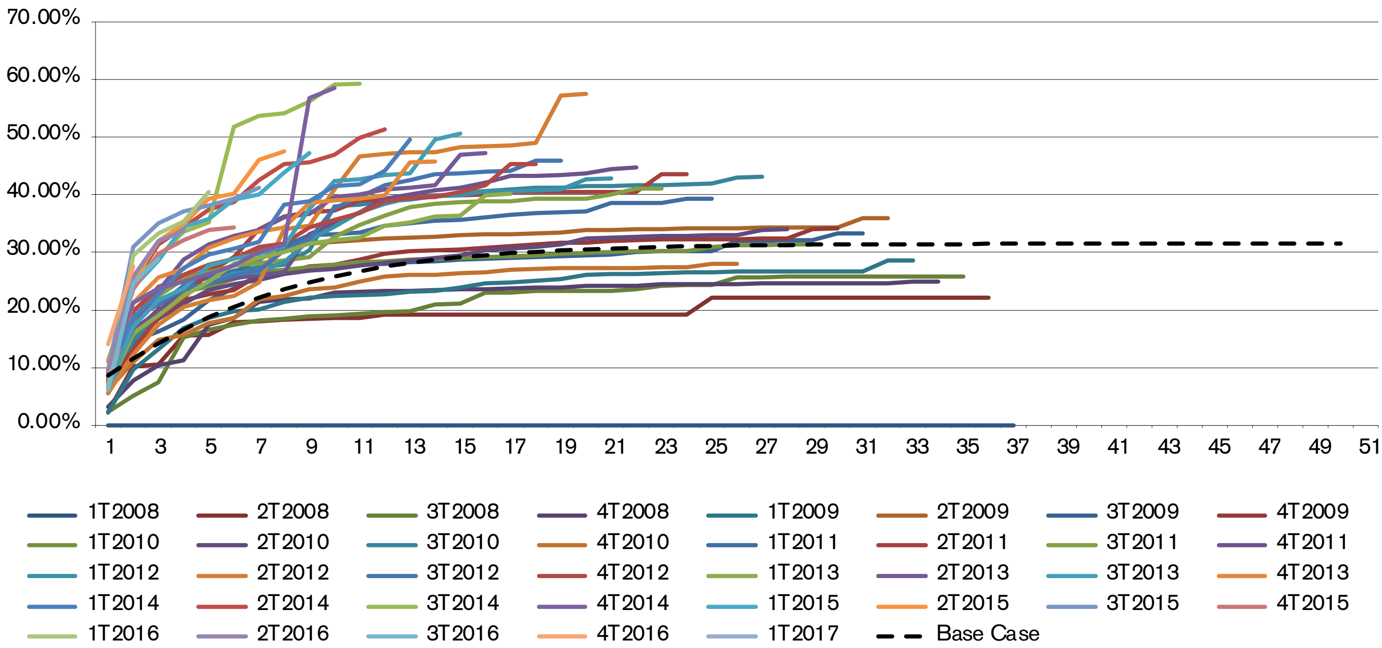
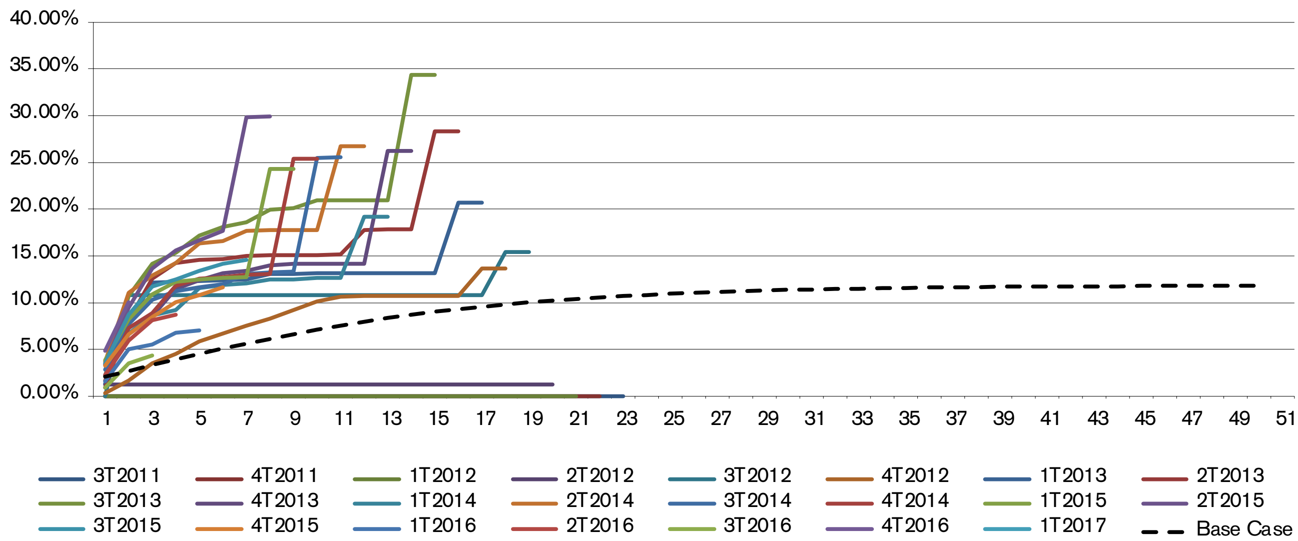



**Exhibit 16: Pre-approved Consumer loans**




After considering the quality and trend of data, DBRS calculates an expected recovery rate of 31.49% for standard consumer loans and 10.24% for pre-approved consumer loans. DBRS assumes an aggregate expected recovery rate of 20.00%.

***Prepayments***

DBRS has not been provided with prepayment data from CaixaBank. Considering other Spanish ABS transactions with similar collateral as well as from the same and similar originators, DBRS has assumed prepayment rates from 0.0% to 15.0%.

### European RMBS Insight Analysis

The mortgage consumer portfolio was analysed using the European RMBS Insight Model with the parameters for the Spanish MSM used to score the credit risk of the loans and forecast portfolio default rate and expected loss (EL) in the base case and stressed rating scenarios. For the 'Crédito Abierto' drawdowns, the maximum draw was assumed for the purpose of calculating the LTV ratio. DBRS assigned a Spanish Underwriting Score of 3 for the standard loans and for the 'Crédito Abierto' loans.

Of the initial mortgage portfolio, 71.1% are scored in the risk segments between 9 and 16 per the DBRS European RMBS Insight Model. In Year 4, 49.6% are scored in the higher risk segments (segment 9 to 16), with 20.7% remaining in the higher risk segments in Year 9.

The results of the European RMBS Insight model were used as the inputs into the cash flow analysis of the structure. The results of the model at the A (high) (sf) rating scenario and base case are listed below:

| Rating Scenario<br>Total Mortgage Portfolio (Weighted) | PD | Loss Given Default (LGD) | EL |
|---|---|---|---|
| A (high) (sf) | 23.2% | 56.9% | 13.2% |
| Base Case | 7.9% | 48.4% | 3.8% |

## Cash Flow Scenarios

The DBRS cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates.

*Interest Rate Risk*
Basis risk is addressed in DBRS's analysis by incorporating stressed spread assumptions in its cash flow modelling. DBRS took into account the margin compression and interest rate reduction options on the loans as described in the paragraph *Loan Modifications* below.

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

To assess the timely payment of interest on the Series A notes, ultimate payment of interest on the Series B notes and the ultimate payment of principal on the Series A and Series B notes, DBRS applied two default timing curves (front-ended and back-ended), its prepayment curves (low, medium and high conditional prepayment rate (CPR) assumptions) and interest rate stresses as per its *Unified Interest Rate Model for European Securitisations* 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 |

### *Loan Modifications*

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 consent and are subject to the following concentrations:

1. 5% of the portfolio may have the maturity extended up until September 2049;
2. The weighted-average margin of the portfolio may not be renegotiated below three-month Euribor (floored at 0.0%) + 1.00%.

DBRS has stressed 5% of the portfolio to extend the maturity of the loans to the maximum date and reduced the margin on the portfolio, considering in its cash flow analysis that 40% of the floating credit rights margin is 1.00% and that 40% of the fixed-rate credit rights have an interest rate of 2.00%.

### *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 DBRS's *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda* methodology.

### *Risk Sensitivity*

DBRS estimated the PD 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 based case PD and LGD assumptions in the respective rating scenarios:

## Class A

| | | Increase in Default Rate % | | |
|---|---|---|---|---|
| | | 0 | 25 | 50 |
| Increase in LGD % | 0 | A (high) | A | BBB (high) |
| | 25 | A | BBB (high) | BBB |
| | 50 | A | BBB (high) | BBB |

Regarding the Series B notes, the rating would not be affected by any hypothetical change in neither PD nor Recovery rate.

# Appendix

## Origination and Servicing

DBRS conducted an operational review of CaixaBank S.A.'s consumer loans operation in May 2017 in Barcelona, Spain. DBRS considers the originations and servicing practices of CaixaBank to be consistent with those observed among other Spanish lenders.

CaixaBank was founded in 2011 from the reorganisation of Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona or "La Caixa" (formerly Caja de Ahorros y Pensiones de Barcelona). The banking assets and liabilities of the La Caixa group were transferred to Criteria Caixa Corp S.A., a listed investment vehicle that was in turn transformed into a bank and renamed CaixaBank. Simultaneously, various other non-banking assets of Criteria Caixa Corp were spun off to create Criteria Caixa (Criteria), a holding company wholly owned by La Caixa. Criteria is a 40% shareholder of CaixaBank as at end-February 2017.

CaixaBank is Spain's third-largest banking group by total assets and is a commercial bank in Spain that provides universal banking services to individuals, small and medium-sized enterprises (SMEs) and corporates. It is headquartered in Barcelona and has a nationwide footprint focusing on retail banking and insurance. At end-2016, CaixaBank had over 14 million customers, a network of 5,027 branches and market shares for loans and deposits of 15.8% and 14.3%, respectively

CaixaBank has a long track record of domestic banking integrations as it has acquired five different banks in Spain since 2010 for a total volume of approximately EUR 122 billion. The major banking acquisitions were Banca Cívica (EUR 72 billion), Banco de Valencia (EUR 21 billion) and Barclays Bank SAU (Barclays Spain, EUR 22 billion).

With effect from February 2017, CaixaBank holds an 84.5% economic and voting rights shareholding of Banco BPI (BPI). CaixaBank has been a shareholder of BPI since 1995. BPI is the fifth-largest banking group in Portugal by total assets and its loans and deposits account for approximately 10% of the aggregated CaixaBank and BPI balance sheet. In addition, CaixaBank maintains further interests of 5.15% in Telefonica, 9.84% in Repsol, and 9.92% in Erste Group.

CaixaBank's long-term debt rating was confirmed by DBRS at A (low) with a Stable trend in March 2017.

## Origination & Underwriting

***Origination and sourcing***

CaixaBank offers the standard loan products that are common in the Spanish market. Loans are sourced through several channels. The origination of CaixaBank's pre-approved instant consumer loans (Click and Go loans) comes from both the branch network with relationship managers responsible for liaising with borrowers, collection of data and the required documentation and inputting the relevant information into the appropriate credit scoring system and rating model. Other origination sources for Click and Go loans are through electronic channels i.e. mobile channels, online and ATMs.

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. 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, 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. For a customer requesting a Click and Go loan, the verification of income is assessed through the bank account credit and performance.

CaixaBank uses an internally developed credit scoring model for all loans which is internal ratings-based-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 monthly rejection rate is consistent with the overall market. An internal rating model is also used for small businesses and corporates.

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 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 (SME, corporates, and individuals), client and loan risk profile (including EL) as well as the total exposure to an economic group. 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.

All Click and Go requests are reviewed by the system and the maximum pre-approval limit for individuals through the branch is EUR €60,000 while this is restricted to EUR 15,000 if the application is via online channels. Pre-approved limits to Small Enterprises is limited to EUR 50,000 and can only be requested via a branch.

***Summary strengths***

- No external sourcing channels for new originations.
- Largest domestic presence with high market share in terms of deposits and loans.

### Servicing

The operational loan management 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 although borrowers can submit payments via the post office using per-printed statements produced by CaixaBank or pay directly at the branch. Loans are on monthly payment schedules which is in-line with the overall Spanish market.

The bank follows standard collections and arrears management strategies including compliance with regulatory guidelines surrounding delinquency, watch list and default definitions. Borrower contact is managed through the local branch. Automated, standard letters are generated through the servicing system and 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 a default and all previous attempts at an out-of-court resolution have been exhausted.

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

***Summary strengths***

- Standard Spanish servicing practices.

**Opinion on Back-Up Servicer:** No back-up 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.

## Methodologies Applied

The principal methodologies applicable to assign ratings to the above referenced transaction are:

- *European RMBS Insight: Spanish Addendum* (May 2017)
- *European RMBS Insight Methodology* (May 2017)
- *Rating European Consumer and Commercial Asset-Backed Securitisations* (October 2016)
- *Master European Structured Finance Surveillance Methodology* (March 2017)

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (September 2016)
- *Unified Interest Rate Model Methodology for European Securitisations* (November 2016)
- *Operational Risk Assessment for European Structured Finance Servicers* (October 2016)
- *Operational Risk Assessment for European Structured Finance Originators* (October 2016)

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.

## Surveillance Methodology

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology* (March 2017), and available at www.dbrs.com under the heading Methodologies; alternatively, please contact info@dbrs.com.

**Notes:**
All figures are in euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrs.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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