



Global Credit Research  
 Rating Action  
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**Rating Action: GC Sabadell 1 Fondo de Titulizacion Hipotecario**

## MOODY'S ASSIGNS DEFINITIVE RATINGS TO FOUR SERIES OF GC SABADELL 1 FONDO DE TITULIZACION HIPOTECARIO

### Approximately EURO 1.2 Billion of Debt Securities Affected.

Madrid, July 13, 2004 -- Moody's Investors Service has assigned definitive credit ratings to four series of Bonos de Titulización de Hipotecarios issued by GC Sabadell 1 Fondo de Titulización Hipotecario, a Spanish Asset Securitization Fund that has been created by Gesticaixa, S.G.F.T, S.A. Moody's assigned the following ratings:

Aaa to the EUR. 150.0 million Series A1 notes

Aaa to the EUR. 1,020.6 million Series A2 notes

A2 to the EUR. 19.2 million Series B notes

Baa2 to the EUR. 10.2 million Series C notes

All the definitive ratings address the expected loss posed to investors by the legal final maturity. The structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date, and not at any other expected maturity date.

Strong features within this deal include among others: (1) A strong swap agreement, which guarantees 50 bppa excess spread, (2) Reserve Fund fully funded upfront to cover potential shortfall in interest and principal, (3) 12-month artificial write-off mechanism, (4) 100% of loans are secured by residential mortgages. Weaker features include: (1) a strong geographical concentration (in the region of Catalonia) - This is a natural consequence of the originator being one of the main banks within this region. These increased risks were reflected in the Credit Enhancement calculation, (2) Caps on interest rates (this risk being mitigated by interest rate swap) and (3) Pro-rata amortisation of the B and C Series of notes leads to reduced credit enhancement of the senior class in absolute terms. This is mitigated by strict triggers which terminate the pro-rata amortisation of the notes as the performance of the transaction deteriorates.

As of June 2004, the portfolio comprised 14,749 loans, representing a provisional portfolio of EUR. 1,305,560,795. The loans have been granted in order to finance the purchase, building and renovation of residential homes located in Spain. The loans consist of first-lien mortgages on residential properties that are all believed to be owner-occupied (only 5% of the loans are granted to acquire second homes). All the properties on which the mortgage security has been granted are covered by property damage and fire insurance. At closing date there will be no loans in arrears. The average loan is EUR. 88,519 and the largest loan is EUR. 869,473. The loans are originated between 1995 and 2004 with a weighted average seasoning of 2.74 years and a remaining maturity of 19.95 years. Almost all the loans are paid through monthly instalments. Instalments are debited to accounts which are held by the debtors at Banco Sabadell.

Moody's based its rating on (1) a evaluation of the underlying portfolio of mortgage loans securing the structure, and on (2) the transaction's structural protections which include the subordinate position of the Series B and C Subordinate Bonds with respect to the Series A1 and A2 Bonds, the strength of the cash flows, which include the reserve fund and any excess spread available to cover losses.

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