STANDARD & POOR'S

STRUCTURED FINANCE

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RMBS Postsale Report

FonCaixa Hipotecario 7, Fondo de Titulización Hipotecaria

€1.25 billion mortgage-backed floating-rate notes

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Class	Amount (Mil. €)	Credit support (%)	Margin	Legal final maturity
A	1,220	3.9	Three-month EURIBOR plus 0.15%	Sept. 15, 2040
B	30	1.5	Three-month EURIBOR plus 0.40%	Sept. 15, 2040

**Standard & Poor's ratings address payment of timely interest and ultimate principal.*

Transaction Profile	
Originator and servicer	Caja de Ahorros y Pensiones de Barcelona
Arranger	InverCaixa Valores, S.V., S.A.
Seller	Caja de Ahorros y Pensiones de Barcelona
Security trustee	GestiCaixa, S.G.F.T., S.A.
Interest swap counterparty	Caja de Ahorros y Pensiones de Barcelona
GIC provider	Caja de Ahorros y Pensiones de Barcelona
Transaction account provider	Caja de Ahorros y Pensiones de Barcelona
Collection account, liquidity facility, and GIC provider	Caja de Ahorros y Pensiones de Barcelona

Supporting Ratings	
Institution/role	Ratings
Caja de Ahorros y Pensiones de Barcelona as swap counterparty	A+/Stable/A-1
Caja de Ahorros y Pensiones de Barcelona as bank account provider	A+/Stable/A-1

Transaction Key Features*	
Collateral	First lien residential mortgage loans
Principal outstanding (Mil. €)	1,570
Country of origination	Kingdom of Spain
Concentration (%)	Catalonia (29.07), Madrid (28.31), Andalucia (17.59), Castilla La Mancha (4.18)
Property occupancy	100% owner-occupied
Weighted-average LTV ratio (%)	65.72
Average loan size balance (€)	86,795
Loan size range (€)	100 to 1,044,350
Weighted-average seasoning (months)	11.6
Weighted-average asset life remaining (years)	25
Weighted-average mortgage interest rate (%)	3.95
Weighted-average liability interest rate (%)	N/A
Arrears	0
Redemption profile	Sequential
Excess spread at closing (%)	0.65
Reserve fund – subordinated line of credit (%)	1.50
Mortgage priority	First lien
Maximum LTV ratio (%)	80
Percentage of jumbo loans (> €400,000)	1.92
*For this analysis, Standard & Poor's excluded 34 mortgage loans of the collateral that have a maturity date within a year of closing. Statistics are as of July 15, 2003.	

Transaction Summary

Credit ratings have been assigned to the €1.25 billion mortgage-backed notes issued by FonCaixa Hipotecario 7, Fondo de Titulización Hipotecaria ("FonCaixa 7").

FonCaixa 7 as the issuer has as its sole purpose to acquire mortgage loan participations from the participation issuer, La Caixa, and issue two classes of floating-rate notes backed by them.

The notes are ultimately backed by a pool of first-ranking mortgages secured over owner-occupied residential properties located in Spain and originated by La Caixa.

This seventh securitization of La Caixa's portfolio of Spanish residential mortgages uses a similar formula to earlier transactions, except for the different method of payment of interest to the subordinated noteholders. The FonCaixa 7 structure features a change in the priority of payments that benefits the subordinated noteholders: up to a certain level of arrears of the pool, the interest on the class B notes is paid before payment of the principal on the senior notes. Compared with a strictly sequential payment of interest and principal, this feature benefits the subordinated noteholders as it presents a reduction in the risk of untimely interest payments.

La Caixa is the third largest financial institution in Spain and the largest savings bank. La Caixa provides the range of services provided by commercial banks nationwide. Mortgage lending is one of its principal businesses, accounting for two-thirds of its lending activity.

Strengths, Concerns, and Mitigating Factors

Strengths

- The quality of the collateral is considered to be good. It comprises first-ranking mortgage loans secured over residential owner-occupied properties, with an average current LTV ratio of 64.58%.
- A subordinated credit line and excess spread are available to cover any interest or principal shortfalls.
- Caja de Ahorros y Pensiones de Barcelona ("La Caixa") has demonstrated strong servicing and origination capabilities as well as gaining experience as a repeat RMBS issuer.
- A swap agreement established between the issuer and La Caixa mitigates interest rate basis risk in the transaction.

Concerns

- The securitized mortgage-loans are the first drawdown made under a credit line that is secured on the residential property to be purchased. Such secured credit lines may be drawn several times up to the initial LTV ratio (see the section titled "*Collateral*" for further description).
- The product also features the possibility of a principal payment holiday for up to two years.

Mitigating Factors

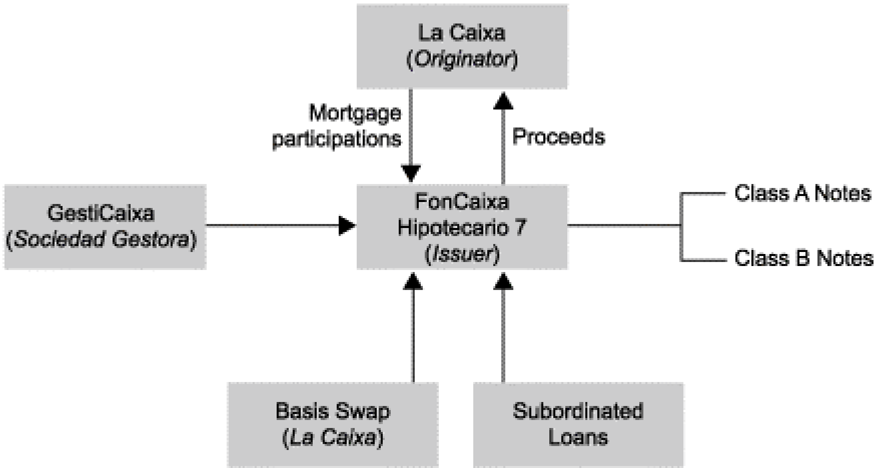
- Standard & Poor's analysis took into account that the further drawdowns from the credit line rank pari passu with the initial mortgage loan. These drawdowns are not an obligation of the originator; La Caixa may decline granting further loans.
- The further drawdowns and payment holidays are available to borrowers who have no arrears and present satisfactory credit checks, and in all cases, payment holidays are granted only with La Caixa's approval. This feature is also not used much.

Transaction Structure

At closing, La Caixa issued mortgage participations that were purchased by GestiCaixa, the "*sociedad gestora*" (trustee equivalent), on behalf of the issuer (see chart). Each mortgage participation represents, in an equal amount, the initial drawdown of each securitized mortgage loan originated by La Caixa. The mortgage participations entitle

FonCaixa 7 to any rights and proceeds due under the securitized portion of the mortgage loans.

Chart 1
FonCaixa Hipotecario 7 Structure



The total outstanding amount of the mortgage loans purchased was €1.25 billion.

To fund this purchase, GestiCaixa issued, on behalf of FonCaixa 7, two classes of floating-rate quarterly-paying notes.

The collateral is serviced by La Caixa, which collects the amounts due under the mortgages. The amounts collected are transferred daily to the transaction account of the issuer. The amounts held receive a guaranteed interest rate equal to EURIBOR flat.

The issuer entered into an interest rate swap agreement with La Caixa to counteract any basis risk due to the various indexes of the pool and the reference interest rate of the notes. The swap agreement pays the coupon of the notes plus an additional spread of 65 basis points (bps).

The notes issued by FonCaixa 7 are protected from potential credit losses on the underlying mortgages by:

- For the class A notes: the subordination of the class B notes, the 65 bps excess spread from the interest rate swaps, and the subordinated credit line; and
- For the class B notes: the excess spread and the subordinated credit line.

On each quarterly interest payment date, the issuer pays in arrears the interest due to the noteholders. For these payments, the issuer has as available funds the proceeds of the interest swap, interest earned on the GIC account, the drawn portion of the subordinated credit line, and, if necessary, principal received under the mortgage loans and any other proceeds received in connection with the mortgage loans.

In this structure, all interest and principal received can be used combined to pay principal and interest due under the notes. This means a trigger was implemented so that in a stressful economic environment the senior notes are amortized before the payment of the interest on the B notes. This trigger is as follows: if the percentage of loans that have arrears greater than 90 days is equal to or greater than 12% then the interest on the class B notes is permanently deferred until full redemption of the senior tranche.

Role of the Parties

FonCaixa Hipotecario 7, Fondo de Titulización Hipotecaria (Issuer)

The issuer, FonCaixa 7, is a *"fondo de titulización hipotecaria"* created for the sole purpose of purchasing the mortgage participations from La Caixa, issuing the notes, and carrying on related activities. The issuer holds a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and the *"sociedad gestora"*.

GestiCaixa, Sociedad Gestora de Fondos de Titulización, S.A. (Trustee or Sociedad Gestora)

The trustee, or sociedad gestora, is GestiCaixa, Sociedad Gestora de Fondos de Titulización. The creation of the sociedad gestora was authorized by the Ministry of Economy and Treasury in August 1994. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the issuer are managed by the sociedad gestora, which represents and defends the interest of the noteholders. The sociedad gestora, on behalf of the issuer, entered into certain contracts (a GIC, a swap agreement, and subordinated loans or line agreements) needed to protect it against certain credit losses and liquidity shortfalls that are assumed to arise in connection with holding the mortgage participations. In this transaction the main responsibilities of the sociedad gestora are to create the issuer, issue the notes, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes and mortgage participations, and organize the annual audit.

Caja de Ahorros y Pensiones de Barcelona (Originator and Servicer)

Established through the 1990 merger of two savings banks, La Caixa ranks as the largest savings bank and the third-largest banking group in Spain.

With a concentration on individual, residential mortgage, and small and midsize business lending, La Caixa provides a broad range of financial services nationwide to retail clients (56% of its activities), corporate clients (41%), and public sector clients (3%). It also engages in leasing, brokerage, and insurance activities.

La Caixa has a dominant market share in its core regions of Catalonia — one of Spain's wealthier autonomous regions — and the Balearic Islands. Expansion of its branch network has provided La Caixa with an 8% share of the nation's total deposits and loans. As a result of a focused national expansion strategy begun more than 10 years ago, La Caixa currently has more than 8.5 million clients and employs more than 23,000 staff. It has a network of about 4,600 branches throughout Spain and more than 6,800 ATM terminals. La Caixa holds a 10.85% share of the Spanish mortgage lending market.

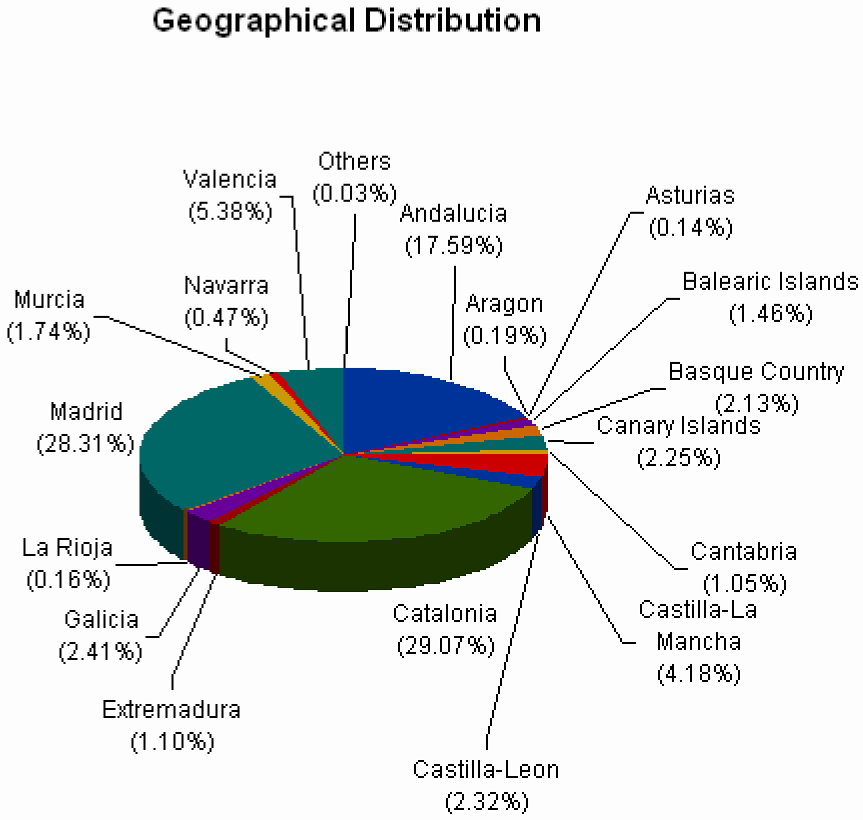
Collateral Description

As of July 15, 2003, the pool of mortgage loans consisted of 18,097 amortizing loans secured by a first-ranking mortgage over residential owner-occupied properties situated in Spain.

The securitized mortgage loans are the first drawdown made under the "*crédito abierto*" (open credit). The crédito abierto consists of a credit facility with a maximum LTV ratio of 80%, which can be drawn several times up to its initial limit. The crédito abierto has as security the residential property to be purchased. Subsequent redraws are also secured on the property, but can be made only once the LTV ratio of the original mortgage loan is less than or equal to 70%.

The pool is diversified across the regions of Spain, but there is some concentration in Catalonia (29.07%), Madrid (28.31%), and Andalucia (17.59%) (see chart 2).

Chart 2



The pool of mortgage loans has no current outstanding arrears. It was originated between 1995 and 2003 for the acquisition of newly built residential properties. At July 15, 2003, the weighted-average seasoning was 11.6 months and weighted-average LTV ratio was 65.72% (see charts 3 and 4).

Chart 3

Seasoning of the Pool

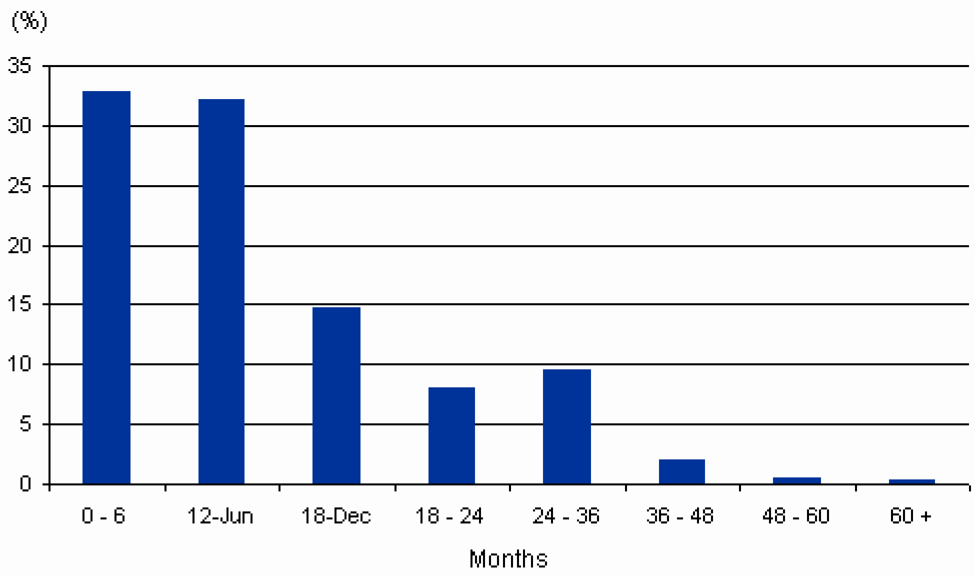
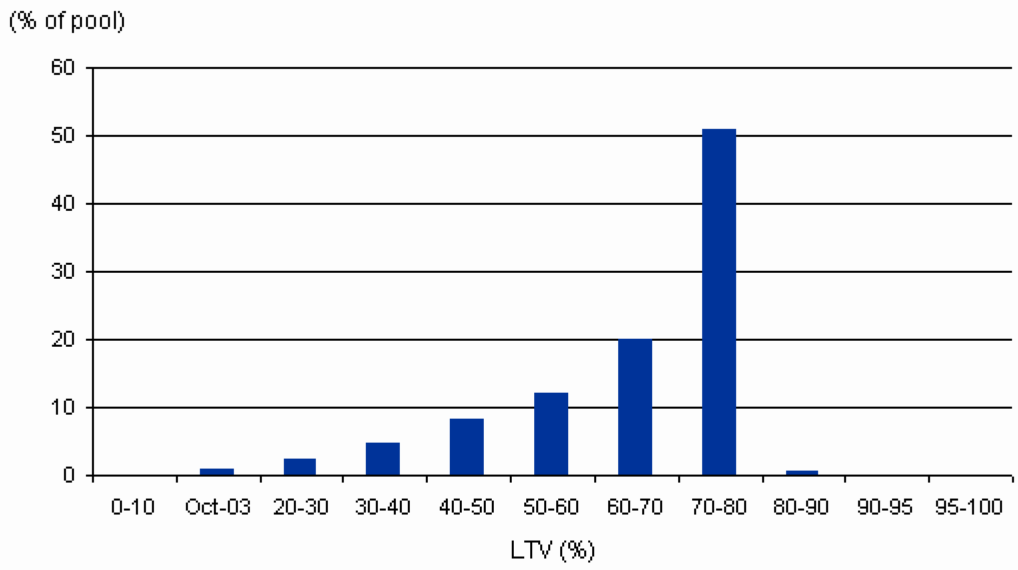


Chart 4

LTV Distribution



Note: As of July 15, 2003, 115 loans had an LTV ratio of 80.00001%.

Collateral Risk Assessment

Standard & Poor's conducted a loan level analysis to assess the credit risk of a pool of mortgages, following the methodology explained in the criteria piece *"Criteria for Rating Spanish Residential Mortgage-Backed Securities"* published in March 2002.

Standard & Poor's collateral risk assessment analyzed the foreclosure frequency and loss severity of each loan in the collateral pool. These depend on the characteristics of the borrower, the loan, and the rating on the notes.

The potential loss associated with a loan can be calculated by multiplying the foreclosure frequency by the loss severity.

To quantify the potential losses associated with the entire pool, Standard & Poor's calculates a weighted-average foreclosure frequency (WAFF) and a weighted-average loss severity (WALS) at each rating level. The product of these two variables estimates the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level is.

Credit Structure

Mortgage Loan Interest Rates

The pool consists of floating-rate mortgage loans, subject to resetting (yearly or half-yearly). The pool is mainly indexed to EURIBOR/MIBOR. The remaining 21.21% is indexed to IRPH (Indice de Referencia de Préstamos Hipotecarios). Mortgage loans in this pool have a weighted-average margin over the floating rate of 75 bps and the weighted-average interest rate of the mortgage loans amounts to 3.95%.

Cash Collection Arrangements

All payments made by the borrowers are paid into the collection account maintained with the seller. Principal, interest, any penalties, or prepayment are collected by the servicer in this account. Payments under the mortgage loans are due on the first business days of each month and payment settlements are done via direct debit instructions.

Transaction Account (GIC Account)

The servicer, on behalf of FonCaixa 7, transfers daily the collected amounts to the GIC account held at La Caixa in the name of FonCaixa 7.

FonCaixa 7 entered into a GIC agreement with La Caixa, under which La Caixa guaranteed a rate of interest equal to the reference rate of the notes. The interest rate is reset quarterly. Interest is paid monthly into the account and is calculated on all the collections deposited in the GIC account.

In the event of a lowering of the short-term rating on La Caixa to below 'A-1', the sociedad gestora takes the following measures within 30 days:

- If La Caixa is downgraded to 'A-2' (but not below), the sociedad gestora seeks to obtain a guarantee from another entity with a minimum short-term rating of 'A-1'; or
- If this measure is not taken, or if the downgrade is below 'A-2', then the sociedad gestora has to transfer the account, under the most favorable conditions, to an entity with a minimum short-term rating of 'A-1'.

Interest Swap Agreement

FonCaixa 7 pays an amount calculated by applying a rate equal to the weighted-average rate applicable to the mortgage participations less 0.65%, to a principal notional amount (see below).

On behalf of FonCaixa 7, the sociedad gestora entered into two swap agreements, called swap A and swap B, with La Caixa as swap counterparty.

For each swap, FonCaixa 7 pays an amount calculated by applying a rate equal to the weighted-average rate applicable to the mortgage participations less 0.65% to a principal notional amount (based on the outstanding principal amount of the respective classes A and B). FonCaixa 7 receives from the swap counterparty an amount calculated by applying three-month EURIBOR plus the margin of 0.15% for the class A notes and 0.40% for the class B notes on the notional principal balance of the respective swap A or B.

Downgrade of Counterparties in the Swap Agreement

In the event of a downgrade of the swap counterparty, within 30 days of the notification of the downgrade, the swap counterparty has to:

- Obtain a guarantee from an entity with a short-term rating of at least 'A-1';
- Find a replacement entity with a short-term rating of least 'A-1' to assume its contractual position; or
- If neither of the conditions can be met, the swap counterparty has to post collateral, the amount being subject to the Standard & Poor's rating confirmation.

Security for the Notes

The notes are secured by:

- The *"escritura de constitución"* entered into between the sociedad gestora, on behalf of the issuer, and the secured parties. This document reports the set-up of the issuer, the purchase of mortgage participations, the different contracts entered into in this transaction, and the mechanics of the transaction itself;
- The issuance of the mortgage participations as defined under the escritura de constitución and deposited and serviced by La Caixa as defined in the deposit of mortgage participation agreement;
- The rights of the seller as beneficiary under the insurances policies transferred to the issuer; and
- The issuer's rights under or in connection with the mortgage receivable purchase agreement, the interest swap agreement, the issuer servicing agreement, the GIC agreement, the subordinated loan agreement, the subordinated credit line agreement, and the transaction account agreement.

The amounts payable to the noteholders and other secured parties are limited to the amounts available to the sociedad gestora, on behalf of the issuer. These amounts come from the mortgage receivables and other income deriving from the contracts entered into under this transaction.

Subordinated Loan

La Caixa provided a subordinated loan at closing. This loan funds the closing expenses and the initial mismatch between the assets and liabilities of the fund.

Subordinated Credit Line

The structure is enhanced by a subordinated credit line, amounting to 1.5% of the initial issue amount of the notes, to cover any shortfalls in interest and principal arising at any payment date. The credit line was not funded at closing.

The maximum amount drawable under the subordinated credit line is set for the first three years of the transaction at 1.5% of the initial issue amount. Thereafter, the maximum amount is the minimum of (i) 1.5% of the initial issue amount, and (ii) 3.0% of the outstanding principal on the notes.

In no case can the subordinated credit line be reduced below 0.75% of the initial issue amount.

Downgrade of the Subordinated Credit Line

If the short-term rating on La Caixa falls below 'A-1', then within 30 days the sociedad gestora either:

- Draws the full amount of the credit line to the issuer's account. The amount is determined by the rules described above; or
- Substitutes the provider with another entity with a short-term rating of at least 'A-1'.

Both options are subject to confirmation from Standard & Poor's that the rating on the notes is not affected.

Redemption of the Notes

Unless redeemed earlier, the notes will be redeemed at their legal final maturity on Sept. 15, 2040, which is 30 months after the maturity of the longest-term mortgage loan in the pool.

The notes will redeem sequentially. They may be fully redeemed if:

- The remaining balance of the collateral falls below 10% of its original balance; or

- The sociedad gestora becomes bankrupt, or its authorization is revoked and no replacement can be found.

The amount to be amortized equates to the outstanding amount of the notes less the outstanding balance of the collateral, which does not include defaulted loans.

Defaulted loans are defined in this transaction as having arrears greater than 18 months.

Interest is paid quarterly in arrears, commencing Jan. 15, 2004. The notes pay interest at three-month EURIBOR plus a spread of 0.15% on the class A notes and 0.40% on the class B notes.

Standard & Poor's Stress Test

Standard & Poor's analysis included a conservative assessment of the credit risk inherent in the transaction, as described in the section titled *"Collateral Risk Assessment"*. The credit enhancement levels were sized after analyzing the impact that severe stress scenarios would have on the mortgage loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

Specific penalties were applied with respect to the levels of aggregate defaults expected on the pool to reflect the foreclosure frequency attached to specific assets and/or the assets' location, and any terms and conditions that might increase or decrease credit risk. The analysis fully reflects the specific features of the Spanish market with respect to loss severity, foreclosure costs, and foreclosure periods.

A cash flow model simulating the portfolio's performance within the transaction's documented structure was run under certain rating scenarios to stress liquidity and the level of excess spread in the transaction. Prepayment levels, fees and expenses paid by the issuer, and delinquencies were the most important parameters stressed in all the runs.

Surveillance Details

Continual surveillance is maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral are analyzed, supporting ratings are monitored, and regular contact is made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

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