



Global Credit Research
 Rating Action
 1 OCT 2003

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Rating Action: **Foncaixa Hipotecario 7, Fondo de Titulizacion Hipotecaria**

MOODY'S ASSIGNS DEFINITIVE RATINGS TO SPANISH MORTGAGE BACKED SECURITIES ISSUED BY FONCAIXA HIPOTECARIO 7 FONDO DE TITULIZACION HIPOTECARIA

Approximately \$1.3 Million of Debt Securities Affected.

Madrid, October 01, 2003 -- Moody's Investors Service has assigned a definitive rating of Aaa to the Euro 1,220,000,000 Senior Series A Bonds and a definitive rating of A2 to the Euro 30,000,000 Subordinated Series B Bonds to the Bonos de Titulizacion Hipotecaria issued by FONCAIXA HIPOTECARIO 7 Fondo de Titulizacion Hipotecaria.

Foncaixa 7 is, as its name states, the seventh issuance from La Caixa. Similar to Foncaixa 5 and 6, the totality of the loans being securitised are flexible loans belonging to a product called CREDITO ABIERTO.

The CREDITO ABIERTO product, as we have seen on previous deals, consists on a revolving Line of Credit by which the debtor will be allowed to redraw on the line for an amount equal to the amortised principal or for any non used amount. The redraws can be made as many times as the revolving period allows for. As on previous deals, only the first drawing of this line of credit is securitised.

The transaction benefits from current LTV levels of approximately 65.71% - which could be considered average for the Spanish market -. The underlying pool of loans, however, is of good quality. Geographical diversification is standard with 29.01% of loans originated in Catalonia, and 28.40% in Madrid. The pool also benefits from La Caixa's solid credit fundamentals including its ample liquidity, low risk profile and strong economic capital.

The gestora in the transaction is GESTICAIXA, an established and experienced Gestora that is 80 per cent owned by Caixa d'Estalvis I Pensions de Barcelona. La Caixa also guarantees the obligations of the Gestora.

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 Subordinate Bonds with respect to the Series A Bonds, the strength of the cash flows, which include the reserve fund and any excess spread available to cover losses, and the swap covering interest rate risk and guaranteeing excess spread.

To reserve a copy of Moody's New Issue Report on FONCAIXA HIPOTECARIO 7, Bonos de Titulizacion Hipotecaria, contact Moody's Client Service Desk in London at- +44-20-7772 5454.

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