HIPOCAT 7, Fondo de Titulizacion de Activos

Caixa Catalunya
RMBS
Spain

CLOSING DATE
May 2004

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity
A1	**Aaa**	160,000,000	11.43%	15/07/2036
A2	**Aaa**	1,148,300,000	82.02%	15/07/2036
B	**Aa3**	21,700,000	1.55%	15/07/2036
C	**A2**	42,000,000	3.00%	15/07/2036
D	**Baa2**	28,000,000	2.00%	15/07/2036
Total		€[1.400.000.000]	100	

The 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. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- Strong Swap
- Strong Seasoning
- Strong triggers (on amortization of RF) –
- RF to be used both for principal and interest repayment
- Good historical data

Weaknesses and Mitigants

- Strong concentration in Catalonia
- Flexible product within the Spanish market (LOC + grace periods + high LTV lending)
- Performance for these loans is a bit worse than the market's average

Moody's Investors Service

10 June, 2004

STRUCTURE SUMMARY

Issuer:	HIPOCAT 7, Fondo de Titulizacion de Activos
Structure Type:	5 tranches + RF
Seller/Originator:	Caixa Catalunya (**A2**, **P-1**)
Servicer:	Caixa Catalunya (**A2**, **P-1**)
Back-up Servicer:	N/A
Interest Payments:	Quarterly on [October 15th], [January 15th], [April 15th], [July 15th]
Principal Payments:	At maturity regardless of any particular amortisation that may occur beforehand
Credit Enhancement/Reserves:	1.9 % RF
Liquidity Facility:	Available to be used for: (1) coverage of possible shortfalls in terms of inflows due to loans in grace periods
Hedging:	By means of the swap agreement, the SPV will pay the swap counterparty the interest rates received from the mortgage loans. The swap counterparty in turn, will pay the SPV an amount equal to 3M EURIBOR + the weighted average margin on the notes + [66 bps]
Principal Paying Agent:	Caixa Catalunya (**A2**/**P-1**)
Security Trustee:	Gestion de Activos Titulizados, S.G.F.T., S.A.
Note Trustee:	Gestion de Activos Titulizados, S.G.F.T., S.A.
Arranger/Lead Manager:	JP Morgan
Lead Manager	Bears Stearns

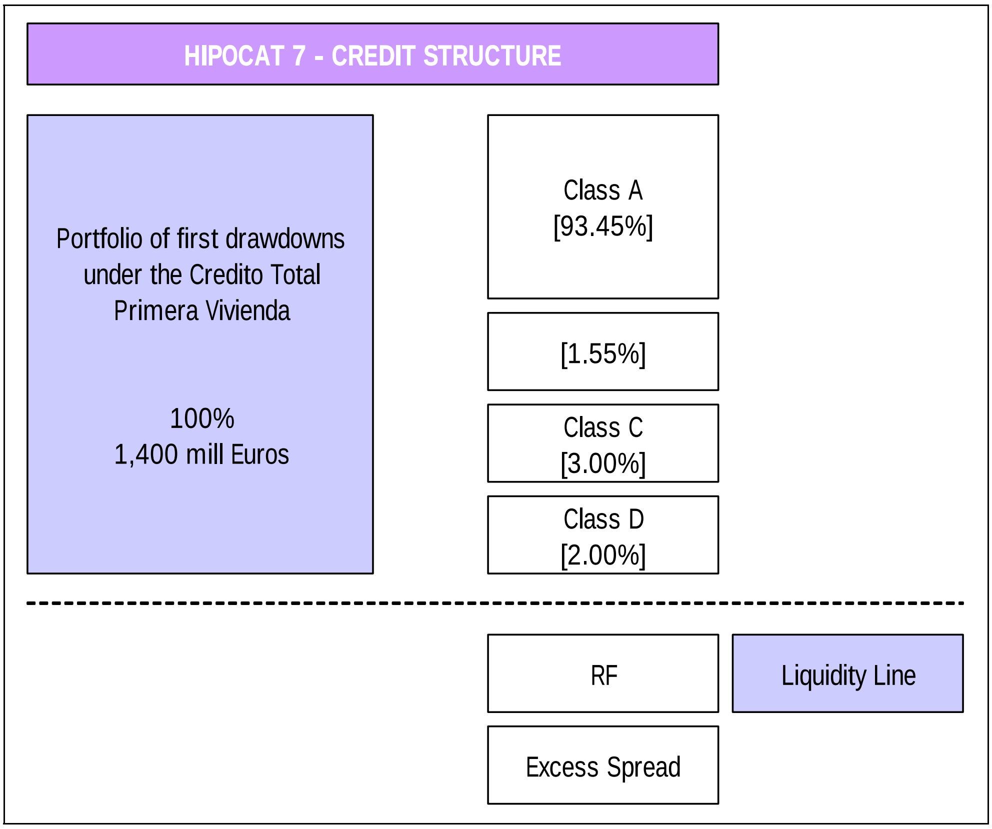
COLLATERAL SUMMARY

Receivables:	1st withdrawal of a mortgage loan belonging to a product called Credito Total
Number of Contracts:	16,415
Number of Borrowers:	16,415
Type of Equipment:	Primary Residences
Geographic Diversity:	Catalonia (71.84%), Madrid (9.32%), Valencia (6.01%)
Average current LTV:	83%
Remaining Term:	28.15 years
Seasoning:	20 months
Delinquency Status:	No loans over 30 days in arrears at closing
Historical Loss Experience:	See previous HIPOCAT transactions data points

Class	Index Reference Rate	Margin over Index
A1	3M EURIBOR	(0,05% / 0,10%)
A2	3M EURIBOR	(0,14% / 0,19%)
B	3M EURIBOR	(0,25% / 0,35%)
C	3M EURIBOR	(0,40% / 0,60%)
D	3M EURIBOR	(0,80% / 1,05%)

Structural and Legal Aspects

5 tranches (1 soft bullet), a RF and a liquidity facility comprise the transaction's structure



HIPOCAT 7 structure has some features which are worth mentioning:

- ***Soft Bullet Mechanism and the Tranches Amortisation Profiles***

Soft Bullet Mechanism for Class A1

Class A is divided into 2 tranches (A1 and A2) – Class A1 will be a soft bullet amortising in its entirety on July 2005 – however if there are not enough funds to amortise this class, it will be amortised on subsequent payment dates.

Class A2 will be amortised as soon as A1 is fully amortised.

Once A1 and A2 are amortised, B will begin to be amortised

Series C will start its amortisation once Series A1, A2, and B are amortised.

Series D will start its amortisation once Series A1, A2, B and C are amortised.

Classes B, C and D will be able to be amortised pro-rata once Classes A1 and A2 are fully amortised. In addition, the following conditions must apply:

- 90+ arrears to be lower than 2.5%
- that the RF is at its required level
- the outstanding balance on B, C and D is equal to 13.10% of the deal's outstanding balance
- the outstanding balance on the loans balance is larger than 10% of the deal's initial balance

- ***Step Up Mechanism for Class A1 is Included for the First Time in a Spanish Deal***

Reserve Fund functioning

- ***Reserve Fund***

The RF will have a mechanism set up in place by which if arrears exceed a certain percentage the value of the RF will be increased. These levels have been established as follows: (1) 1.90% if arrears levels are below a certain threshold and (2) 2.10% if arrears levels are above a certain threshold.

A floor on the RF will also be included.

The RF will not be amortised if:

(1) 90+ arrears plus outstanding balance of all loans in grace periods are over 2.5% of the issuance outstanding balance

or

(2) the RF is not at its required level

- ***Liquidity Line***

The Liquidity Line

The transaction also has a liquidity facility that is included for the purpose of covering possible shortfalls in inflows due to the loans in grace periods.

The liquidity facility will be set up at day 1, subject to rating triggers and will be equal to a maximum of: the minimum of the following quantities:

(1) 7% of the bonds initial balance, or (2) 12% of the bonds outstanding balance, or (3) an amount equivalent to the interest of the first lien mortgages that are currently in payment holidays

- 18 Month Writeoff Mechanism in Place

- ***Interest Deferral Mechanism***

The interest Deferral Mechanism based on PDL

Interest payments will be deferred to a more junior position if:

CLASS B – (a) the sum of the outstanding balance on A1 and A2 and the available funds after having paid waterfall concepts 1-5, is greater than the bonds outstanding balance plus the funds within the treasury account

and

CLASS C – (a) the sum of the outstanding balance on A1, A2, B and the available funds after having paid waterfall concepts 1-6, is greater than the bonds outstanding balance plus the funds within the treasury account

and

CLASS D – (a) the sum of the outstanding balance on A1, A2, B and C and the available funds after having paid waterfall concepts 1-7, is greater than the bonds outstanding balance plus the funds within the treasury account

and

WATERFALL

The Allocation of payments

Expenses

Swap payment

Liquidity Facility reimbursement

Series A Interests

Series B Interests

Series C Interests

Series D Interests

Notes amortisation

RF

Interest Payments if deferred

Junior payments

The product being securitised is a line of credit with the possibility to have further advances as well as grace periods

Avg LTV = 83%

Avg Interest Rate = 3.93%

Number of loans = 16,415

Original Balance = 1,611 million Euros

COLLATERAL – REFERENCE PORTFOLIO

The product being securitized under HIPOCAT- 7 is the first draw down of a mortgage product designed by Caixa Catalunya and marketed under the name "Crédito Total (Cuota Variable)". The financial contract underlying CT is a line of credit. As it was the case in HIPOCAT -6, HIPOCAT-5, and HIPOCAT-4, subsequent advances under the line of credit will remain in Caixa Catalunya's balance sheet.

The first utilisation under CT 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 CT 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.

The Product Being Securitised – Particular Characteristics

- 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 rating committee memo)
- 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:
  - 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

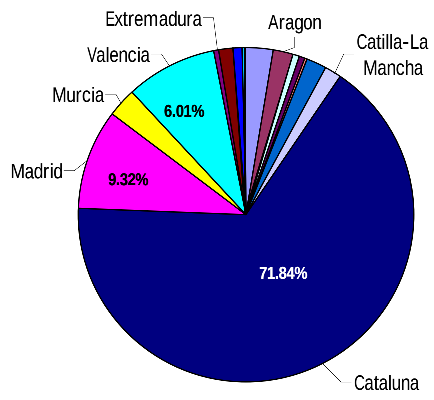
All HIPOCAT loans will have the option of enjoying grace periods, during which neither principal or interest are paid. Unpaid interest is capitalised at the end of the grace period. Grace periods can only be used on the first drawdown (that used to acquire the first residence). The following limitations 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 CT 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

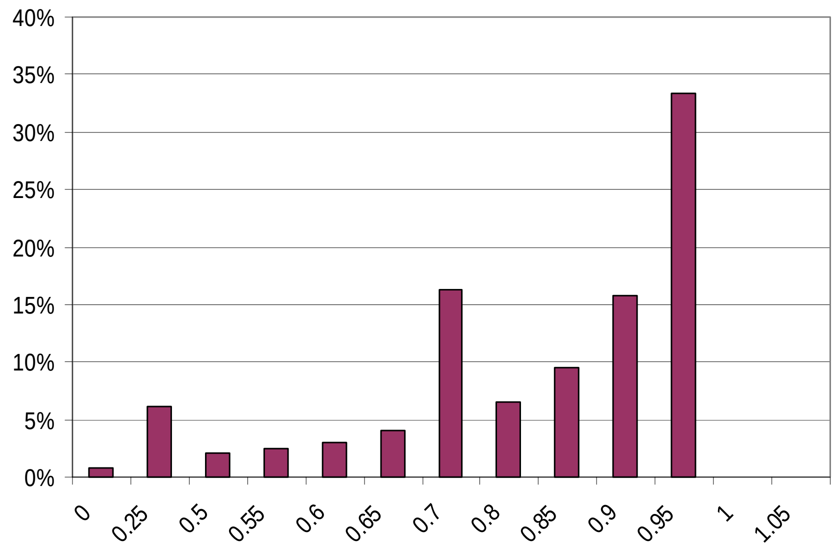
Portfolio Characteristics

PORTFOLIO DATA	
Original Balance:	1,689,859,913.00
Current Balance:	1,611,122,695.55
Number of Loan parts:	16,415
Number of Borrowers:	16,415
Number of Properties:	16,415
Average Loan (Borrower):	98,149
Average Loan (Property):	98,149
WA interest rate:	3.93%
average original LTFV:	86.00%
average current LTFV:	83.00%

Portfolio Characteristics



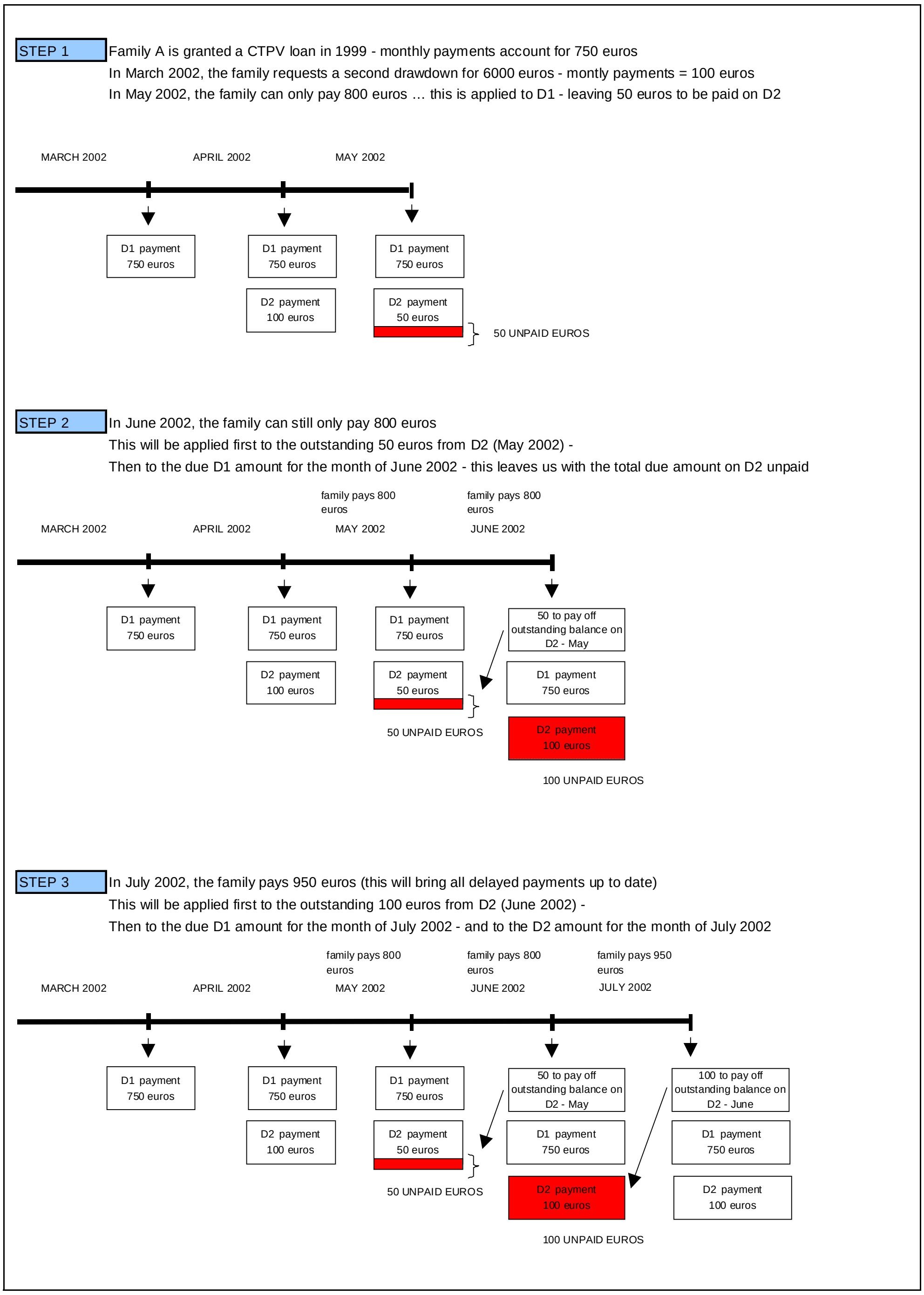
LtMV for Total Portfolio



Grace Periods *(since june 1997)*			
Number of Grace Periods			
Approved	4820		
Within securitised deals	4.319		
Closed	4.442	Deferred Interests	6.747.321,43
Outstanding	378	Deferred Interests	418.836,98

Grace Period Time Distribution	Number of deals	%
1	300	6,2%
2	853	17,7%
3	1.055	21,9%
4	750	15,6%
5	495	10,3%
6	493	10,2%
7	280	5,8%
8	106	2,2%
9	83	1,7%
10	69	1,4%
11	43	0,9%
12	293	6,1%
Total	**4.82**	**100,0%**

How does this product work?



ORIGINATOR, SERVICER AND DUE DILIGENCE

Caixa Catalunya is a strong originator and servicer

Caixa Catalunya has a very important presence in the Northeastern region of Cataluna. The group currently comprises 981 retail branches, mainly in Barcelona, Madrid and Valencia region, with a total of 5,117 employees. In terms of its presence within the Spanish market, Caixa Catalunya holds the third place in the deposit ranking of Spanish saving banks and the eighth place in the Spanish financial system.

Moody's has performed both a due diligence and an internal servicer assessment on Caixa Catalunya. The main areas of review have been: Management, Staff Training and Compensation, Loan Administration, Arrears Management, Loss Mitigation, Asset Management, IT systems, Reporting, Financial Stability and General Quality.

Following the feedback from these areas, Moody's has assigned a shadow servicer rating to Caixa Catalunya. This servicer rating, also called Servicer Quality (SQ) rating is an opinion of the ability of a loan servicer to effectively prevent or mitigate losses in a securitisation.

A Moody's SQ rating represents Moody's assessment of a servicer's ability to control and manage the extent of possible losses based on the factors under its control. The SQ approach works by separating a servicer's performance from the credit quality of the loans being serviced. This is accomplished by measuring actual performance against expected results, based on the credit quality of the portfolio being serviced. The servicing measures evaluate how effective a servicer is at either preventing defaults in the first place or maximising the recoveries to a transaction when defaults do occur.

The SQ rating also considers the operational and financial stability of a servicer, as well as its ability to respond to changing market conditions. This assessment is based on the company's organisational structure and management characteristics, its financial profile, operational controls and procedures, as well as its strategic goals.

Moody's SQ ratings are different from traditional debt ratings, which are opinions as to the credit quality of a specific instrument. SQ ratings do not apply to a company's ability to repay a fixed financial obligation or satisfy contractual financial obligations other than, in limited circumstances, the obligation to advance on delinquent loans it services, when such amounts are believed to be recoverable.

MOODY'S ANALYSIS

A Loan by Loan analysis

In order to analyse the risk of the transaction and to assess the size of the credit enhancement consistent with the rating assigned, Moody's adopts a three-part focus in its analysis:

Collateral Analysis - Although Moody's does not believe that any predetermined model can accurately reflect all of the possible risk factors and combinations within the Spanish mortgage market, a quantitative-based (Loan-by-Loan) model has been developed to assist in the analysis of mortgage loans under various conditions. Under the Loan-by-Loan approach, Moody's calculates an enhancement level for each loan in the pool to be securitised in the following four ways:

- Deriving a *benchmark credit enhancement numbe*r based on its loan-to-property value ratio (LTV). This number assumes that all of the characteristics of the loan (other than LTV) are identical to those of a good-quality *benchmark loan*.
- Assumptions: In the Loan-by-Loan model, a benchmark credit enhancement figure is obtained by taking into account each loan's current LTV level, and by penalising or benefiting any parameter that on aggregate may shift from our benchmark loan assumption. The model takes into account the following severity of loss assumptions: (1) house price decline is 30%, (2) interest rates going up to 8%, (3) 27 months required to sell a property, and (4) 7% costs associated with the sale of the property. High interest rates affect the affordability, but also increase the severity over the period in which repossession takes place.
- Modifying the resultant benchmark credit enhancement number for each loan so as to reflect how the individual characteristics of that loan differ from those of a benchmark loan. The weighted average benchmark credit enhancement number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the "Aaa credit enhancement" number.

The Aaa credit enhancement number is the basis of committee discussions and is used to derive the lognormal distribution of losses of the pool.

Having obtained the loss distribution of the pool under consideration, a cash flow model is used to assess the impact of structural features of the transaction, such as the priorities of interest and principal, reserve fund and the value of excess spread.

The sum of the loss experience per class of notes weighted by the probability of such a loss scenario will then determine the expected loss on each tranche and hence the rating, consistent with Moody's target losses for each rating category.

Structural Analysis: This considers how the cash flows generated by the mortgage collateral are allocated to the parties within the transaction, and the extent to which various structural features of the transaction may provide additional protection to investors, or act as a source of risk themselves.

Legal Analysis: Moody's considers whether the legal documents ensure that the cash flows are allocated to the assumptions made in its structural analysis.

For more information regarding Moody's Spanish MBS rating methodology, please refer to the document entitled "Spanish Residential Mortgage-Backed Securities, An Introduction to Moody's Rating Approach", available on www.moodys.com.

The management Company is able to thoroughly perform its functions

Gestion de Activos Titulizados, S.G.F.T, S.A, in its capacity as management company, will prepare quarterly monitoring reports with respect to the portfolio and payments to the notes. These reports will detail the amounts received by the issuer during each collection period and will provide portfolio data. Moody's will monitor this 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 to the rating will be publicly announced and disseminated through Moody's Client Service Desk. For updated monitoring information, please contact monitor.madrid@moodys.com.

RELATED RESEARCH

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:

All HIPOCAT New Issue Reports and Performance Overviews

SF39270isf