FONCAIXA 8 FONDO DE TITULIZACIÓN HIPOTECARIO

La Caixa
RMBS
Spain

PLEASE NOTE: *This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of [January 2005]. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The* ***definitive*** *ratings may differ from the* ***prospective*** *ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk.*

CLOSING DATE:
[•] March 2005

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A	(P)**Aaa**	€971.000.000	97.10	06/15/40	[•]
B	(P)**A1**	€22.500.000	2.25	06/15/40	[•]
C	(P)**Baa2**	€6.500.000	0.65	06/15/40	[•]
Total		€[1,00,000,000]	100		

The ratings address the 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, such as those associated with the timing of principal prepayments and other market risks, have not been addressed and may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- Strength of originator, La Caixa (**Aa2**/**P-1**).
- Track record of previous Foncaixa deals.
- Swap guaranteeing an excess spread of 65 bp pa.
- Valuable structural mechanisms to trap the excess spread, such as an 18-month artificial write-off and use of reserve fund to pay interest and principal shortfalls.
- Good geographical diversification across Spain.

Weaknesses and Mitigants

- Limited collateral employment information
- Grace periods (only principal as seen below)
- 100% of loans are flexible, which leads to a higher expected default frequency and more severe losses. The increased risk was incorporated in the Loan-by-Loan Model as follows:
  - Successive redraws can be made on the loan and will rank pari-passu with the securitised first withdrawals.
  - All loans have the option of enjoying principal grace periods. These are only principal payment holidays, with no principal being paid for an aggregated maximum of 36 months during loan's life.

STRUCTURE SUMMARY

Issuer:	FONCAIXA 8, FONDO DE TITULIZACION HIPOTECARIO
Structure Type:	Senior – Subordinated – Line of Credit
Seller/Originator:	La Caixa (**Aa2**/**P-1**)
Servicer:	La Caixa (**Aa2**/**P-1**)
Interest Payments:	Quarterly on June 15th, September 15th, December 15th, March 15th
Principal Payments:	Quarterly on June 15th, September 15th, December 15th, March 15th
Credit Enhancement/Reserves:	0.80% Line of Credit
Liquidity Facility:	N/A
Hedging:	Swap guaranteeing 65 bp pa of margin
Principal Paying Agent:	La Caixa (**Aa2**/**P-1**)
Security Trustee:	Gesticaixa , S.G.F.T., S.A.
Note Trustee:	Gesticaixa , S.G.F.T., S.A.
Arranger/Lead Manager:	InverCaixa Valores S.V., S.A.

COLLATERAL SUMMARY

Receivables:	First-Lien Mortgage Loans on Residential Properties
Number of Contracts:	16,733
Geographic Diversity:	Catalonia [33.84%], Madrid [23.54%], Andalusia [16.08%]
Average current LTV:	[59.73%]
Adjusted LTV (by max limit)	[79.81%]
Remaining Term:	[277.97 months]
Seasoning:	[31.01 months]
Delinquency Status:	No loans in arrears at time of closing
Weighted average Margin:	Euribor [80.11%], IRPH [19.89%]
Average Loan Size:	[80,097Euros]

CREDIT SUPPORT

Class	Notes Index	Margin
A	3M Euribor	[•]
B	3M Euribor	[•]
C	3M Euribor	[•]

TRANSACTION OVERVIEW

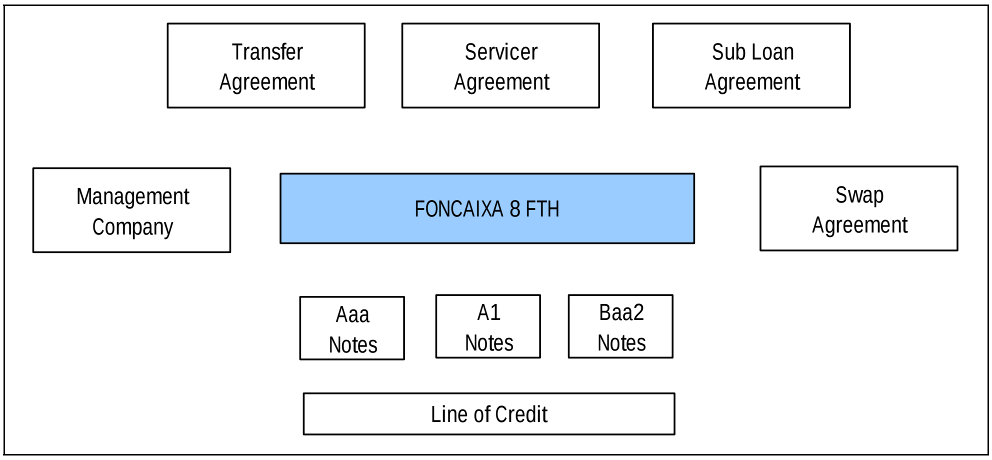
100% flexible mortgages being securitised

Foncaixa 8 is, as its name states , the eigth transaction –and seventh rated by Moody's- where La Caixa securitises a pool backed by residential mortgage loans of its own . Foncaixa 6 was not rated by Moody's. The primary purpose of this issuance is to restructure the pool and to hold the bonds at La Caixa's balance sheet.

Similar to the previous Foncaixa deals, the totality of the loans being securitised are flexible loans belonging to a product called Crédito Abierto (CrA). The CrA 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 redraw 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.

Structural and Legal Aspects

Senior – subordinated – Line of Credit



The transaction consists of three rated classes and a line of credit: a senior tranche for an amount equal to €971.000.000, a mezzanine tranche for an amount equal to €22.500.000, and a subordinated tranche for an amount equal to €6.500.000. The line of credit amounts € (8.000.000) at closing date.

On each quarterly payment date, all available funds (including any proceeds from the portfolio, amounts withdrawn under the LOC and any swap payments that may have been received) will be distributed in the following sequential order:

1) Costs and fees
2) Any amounts due under the swap agreement for Class A Notes (except for such amounts as are payable in connection with an early termination of the Swap Agreement when the Swap counterparty is the Defaulting Party)
3) Interest payment to Class A Notes
4) Interest payment to Class B Notes * *(unless deferred)*
5) Interest payment to Class C Notes * *(unless deferred)*
6) Principal payment for Class A Notes
7) Principal payment for Class B Notes
8) Principal payment for Class C Notes
9) Reimbursement of the withdrawals of principal effected with charge to the LOC, or replenishment of the Reserve Fund, in case the LOC is cash-collateralised.
10) Junior cost (Payment of interest accrued on and repayment of the principal of the Start-Up Loan, payment to the servicer of amounts due under the servicing agreement and payment of variable remuneration)

Loans will be written-off after 18 months of delinquency.

Write-Off Mechanism

18-month write-off mechanism enhances capture of excess spread

Loans will be written off after 18 months of delinquency, which Moody's believes substantially increases the value of excess spread in the transaction. This mechanism is implicit in the definition of principal due under the notes, which is calculated as the difference between (1) the outstanding amount of the notes and (2) the outstanding amount of the portfolio net of the outstanding amount of the loans with any amount due but unpaid for more than 18 months (or before if the debtor is declared bankrupt or the management company considers that there are no reasonable expectations of recovery under each such loan).

This implies that loans will be written off after the time frame defined of delinquency with the resulting shortfall (i.e. loss) covered through either available spread in the transaction or drawings under the LOC. Due to the time difference between a defaulted loan and its ultimate liquidation, it is difficult to determine that a given level of defaults can be absorbed by excess spread. An artificial write-off allows the spread to be captured until definitive liquidation of the defaulted loan, which would otherwise be released back to the originator.

Interest Deferral Mechanism

Interest deferral trigger

Should there be a principal deficiency for an amount greater than 200% of the B and C bonds notional balance, and should the A bonds not be amortised, the payment on the interest B Bonds will be deferred to an order in the payment waterfall just after the amortisation of the A Bonds.

Likewise, should there be a principal deficiency for an amount greater than 500% of the C bonds notional balance, and should the A and B bonds not be amortised, the payment on the interest B Bonds will be deferred to an order in the payment waterfall just before the amortisation of the B Bonds.

Line of Credit

Line of Credit granted by La Caixa

The issuer has granted the Fondo a Line of Credit (LOC), which will be used to protect the Class A and B notes against interest and principal shortfalls on an ongoing basis.

The initial value of the LOC has been set up to be 0.80% of the notes' original balance. On each payment date the value of the LOC will be the smaller of the following quantities:

a) 0.80% of the notes' original balance,
b) 1.60% of the outstanding of the loans

Notwithstanding the above, the LOC will not be reduced in any of the following scenarios:

a) The aggregate outstanding amount of loans not defaulted more than 90 days represents more than 0.65% of the outstanding amount of the portfolio
b) The line of credit is not in its required amount
c) The aggregate outstanding amount of those loans enjoying a grace period represents more than (2)% of the outstanding amount of the portfolio

The LOC will cease to amortise if it represents (0.60) % of the notes' original balance (floor).

In addition, if La Caixa loses its **P-1** short-term rating, the LOC will automatically be converted into a Reserve Fund (in a maximum period of 30 days).

SWAP

Swap guarantees 65 bp pa excess spread

To hedge the mismatch between the different rate Euribor (80.11%) and IRPH (19.89%) and reset dates of the loans and the three-month Euribor reference of the notes, the management company, on behalf of the Fondo, will enter into a swap with La Caixa (**Aa2**/**P-1**). In essence:

- The Fondo will pay La Caixa, on each payment date, all the interest that is received, both paid and unpaid (except for writteon off assets)
- La Caixa will pay the weighted average coupon on the notes plus 65 bps Spread, over a notional calculated equal to the Oustanding amount of the Notes.

In the event of La Caixa being downgraded below **A1**, it will have 30 business days within which to (i) collateralise its obligation under the swap in an amount sufficient to maintain the then current rating of the notes or (ii) find a suitably rated guarantor or substitute.

ORIGINATOR, SERVICER AND DUE DILIGENCE

La Caixa's Aa2/P-1/B+ ratings reflect the institution's solid credit fundamentals

La Caixa's long-term and financial strength ratings were upgraded from (**Aa3**/**P-1**) to (**Aa2**/**P-1**) in July 2002.

La Caixa's (**Aa2**/**P-1**/**B+**) ratings reflect the institution's solid credit fundamentals – including ample liquidity, low risk profile and strong economic capital – along with its dominant and stable retail banking franchise in Catalonia, one of Spain's most prosperous and fastest-growing regions which enjoys a diversified economy.

With total assets amounting to €133 billion, La Caixa is Spain's largest savings bank, its third-largest banking group and the biggest financial institution in Catalonia and the Balearics, where it holds shares of approximately 29% of customer funds, 19% of loans and 24% of branches.

La Caixa's business focuses largely on providing a high volume of standardised banking products to private individuals through a highly automated distribution network and with a very decentralised commercial business model.

COLLATERAL REFERENCE PORTFOLIO

100% flexible loans for increases the risk vs. traditional mortgages

Foncaixa 8's collateral is strong as compared to a Spanish benchmark portfolio. On the negative side, the portfolio consists exclusively of flexible mortgage loans which could potentially increase the probability of default for these loans.

As of today, flexible mortgages should not take away the positive performance impression that the market may have on Spanish plain vanilla mortgage loans. It is a fact that as of today, the performance of La Caixa's previous transactions has been very good, yet we still cannot make any future prediction as to how these products could behave in the future.

As far as this pool is concerned, we have analysed a portfolio with average LTV levels of 59.73%, an average maturity of 277.97 months, and a geographical concentration which is naturally concentrated in Catalonia (33.84%), but which is overall very diversified.

The loans also have grace periods (these grace periods consist on only principal grace periods and for a maximum time frame of 36 months) – thus not representing a credit problem on the deal.

The pool also benefits from La Caixa's solid credit fundamentals including its ample liquidity, low risk profile and strong economic capital.

The “Credito Abierto” Product

“Credito Abierto” is in essence a line of credit. Only the first drawing of this line of credit is securitised.

The “Credito Abierto” (CrA) product is in essence a line of credit that is granted for the sole purpose of giving the borrower flexibility in terms of the payment of his/her mortgage loan. Borrowers are allowed to withdraw an amount equal to the already amortised amount, or up to the established credit limit.

The securitised loans have two distinct features that need to be taken into account: (i) additional drawdowns and (ii) grace periods.

Additional Drawdowns

Note that, although the revolving period is outstanding throughout the life of the deal, the following two points apply:

1) Subsequent redraws are not automatic, with La Caixa having full discretion as to whether or not it allows them.
2) There is a period during the last four years of the life of the loan during which subsequent redraws will not be allowed.
   - Each additional redraw on the Line of Credit will be treated as an independent loan, although all the different loans will have a pari passu treatment among them.
   - Each client will receive a single monthly instalment although each different redraw will be stated separately.
   - The first redraw cannot exceed an 80% LTV limit, with additional redraws capped at 60/70% LTV levels. In any case, the combination of both first and second drawdowns on the line of credit will never exceed the 80% LTV limit.
   - Disposal of second drawdowns is never automatic, with La Caixa having full discretion (based on factors such as the borrower's payment history and the loan purpose) as to whether a second drawdown is feasible or not.

Grace Periods

Holiday payments up to 36 months only for principal

It is worth mentioning that these grace periods are only principal grace periods. Each borrower has the option to request a maximum 36-month grace period, during which interest must be paid, but not principal. Once again, La Caixa has full control over whether or not to grant these grace periods.

THE MILAN METHODOLOGY

To determine the ratings of the Units, Moody’s has used the following methodology, which is applied to most European Residential Mortgage-Backed Securities markets.

The Loss Distribution

Determination of the lognormal loss distribution

The first step in the analysis is to determine a loss distribution for the pool of mortgages to be securitised. Because of the high volume of loans and supporting historical data, Moody’s uses a continuous distribution to approximate the loss distribution: the lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

In order to extrapolate expected losses for the loan pool, Moody’s has compared (i) the underwriting criteria of La Caixa with those of other mortgage originators in Spain and (ii) the performance of the portfolio of La Caixa with that of other originators.

To obtain the volatility under “stress” scenarios, Moody’s also takes historical data into account. However, observed historical volatility may not be significant, because of insufficient data points or incomplete data. In addition, past volatility may not be a good indicator of future volatility as it relies on previous economic environments.

The Aaa CE number is determined by using MILAN, Moody's loan-by-loan model for rating RMBS transactions

Moody's thus determines a number representing the enhancement that would be required for a pool of mortgages to obtain a Aaa rating under highly stressed conditions. This enhancement number (the "Aaa CE" number) is obtained by means of a loan-by-loan model, Moody's Individual Loan Analysis ("MILAN"), which looks at each loan in the pool individually and, based on its individual characteristics such as loan-to-value or other identified drivers of risk, computes a benchmark CE number. This number assumes stressed recovery rates (through house price decline), interest rates and costs of foreclosure, as well as a stressed time to recovery. The weighted average benchmark CE number is then adjusted according to the positive and negative characteristics of each loan and to those of the pool as a whole, in order to produce the "Aaa CE" number.

The Aaa CE number and the Expected Loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses.

The standard deviation of the distribution is found by setting the probability of a loss greater than the expected loss that is consistent with the idealised Expected Loss target of the Aaa CE number.

Tranching and Rating of the Units

MARCO, Moody's cash-flow model, is used to assess the impact of structural features of RMBS transactions

Once the loss distribution of the pool under consideration has been computed, a cash flow model: Moody's Analyzer of Residential Cash-Flows ("MARCO"), is used to assess the impact of structural features of the transaction, such as the priorities of interest and principal and the related triggers, swap features and excess margins, liquidity mechanisms and the value of excess spread.

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

A Particularity to the Rating Analysis

The flexible loans analysis in FC 8 leads us to tailor made the analysis for these types of loans. As a result, when calculating the severity, the maximum amount of line of credit is used rather than the actual first withdrawn amount.

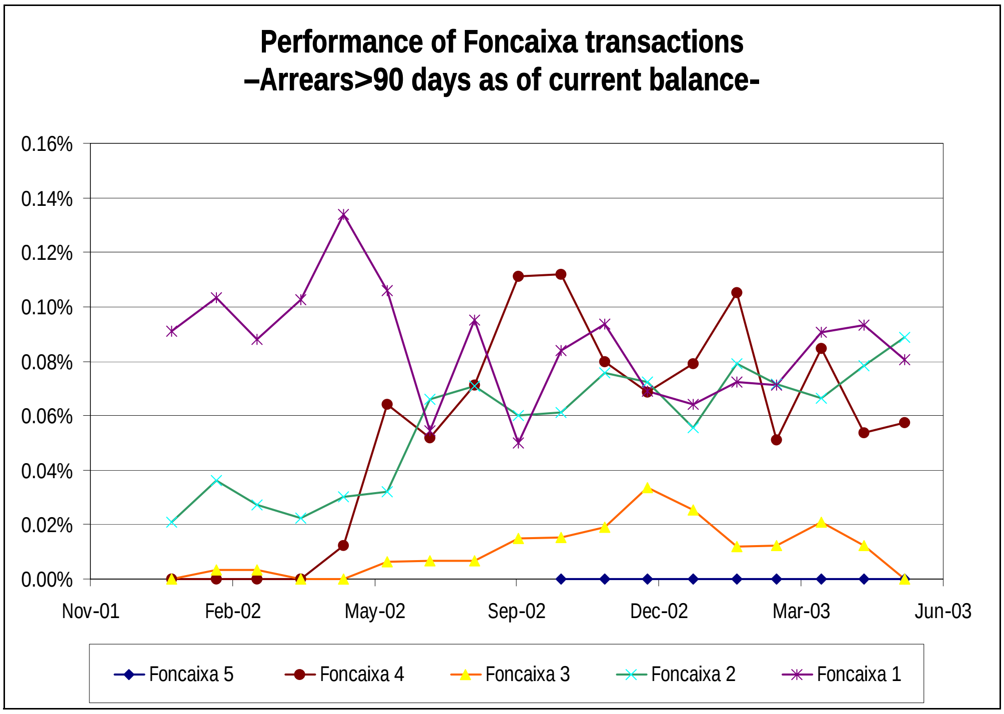
The rationale behind this is that since any additional redraw will be trated as an independent loan and it will rank pari passu among the outstanding amounts, the total limit of credit should be considered while calculating the principal and interest loss gross.

Consequently the adjusted LTV (calculated as limit of LOC/property market value) will be used in the MILAN.

RATING SENSITIVITIES AND MONITORING

Foncaixa transactions have outperformed Moody's Spanish average arrears index

Moody's will monitor the transaction on an ongoing basis to ensure that its transaction continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk. The following chart shows how all the Foncaixa deals from 1 to 5 have outperformed the Moody's Spanish average arrears index (see Special Report "Moody's Spanish RMBS Arrears Index", 29 May 2003).



RELATED RESEARCH

Previous Foncaixa deals could give a better indication of how this deal will perform

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:

- FONCAIXA 1 NIR + PERFORMANCE OVERVIEWS
- FONCAIXA 2 NIR + PERFORMANCE OVERVIEWS
- FONCAIXA 3 NIR + PERFORMANCE OVERVIEWS
- FONCAIXA 4 NIR + PERFORMANCE OVERVIEWS
- FONCAIXA 5 NIR + PERFORMANCE OVERVIEWS
- FONCAIXA 7 NIR + PERFORMANCE OVERVIEWS
- MOODY'S SPANISH RMBS ARREARS INDEX, 29 MAY 2003

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