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RMBS Presale Report

FonCaixa Hipotecario 8, Fondo de Titulización Hipotecaria

€1 Billion Mortgage-Backed Floating-Rate Notes

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Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A	AAA	971.0	3.70	Three-month EURIBOR plus a margin	June 15, 2040
B	A	22.5	1.45	Three-month EURIBOR plus a margin	June 15, 2040
C	BBB	6.5	0.80	Three-month EURIBOR plus a margin	June 15, 2040

**The rating on each class of securities is preliminary as of March 7, 2005 and is subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion. Standard & Poor's ratings address timely interest and ultimate principal.*

Transaction Profile	
Originator	Caja de Ahorros y Pensiones de Barcelona
Arranger	Gesticaixa, S.G.F.T., S.A.
Seller	Caja de Ahorros y Pensiones de Barcelona
Mortgage administrator/servicer	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

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

Transaction Key Features	
Expected closing date	March 18, 2005
Collateral	First-lien mortgages on residential properties in Spain
Principal outstanding (Mil. €)	1,000
Country of origination	Spain
Concentration	33.84% Catalonia, 23.54% Madrid, 16.08% Andalucia
Weighted-average LTV ratio (%)	59.73
Weighted-average seasoning (months)	31.01
Weighted-average asset life remaining (years)	23.16
Weighted-average mortgage interest rate (%)	3.30
Weighted-average margin (%)	0.77
Arrears (percentage of pool)	0.87% total principal of loans in arrears over total preliminary pool. All these loans are under one month in arrears
Redemption profile	Amortizing
Excess spread at closing (%)	0.65
Cash reserve	0.8% unfunded
Mortgage priority	100% first lien
Maximum LTV ratio (%)	79.64
Number of jumbo loans (> €400,000)	1.4%

Transaction Summary

Preliminary credit ratings have been assigned to the €1 billion mortgage-backed floating-rate notes to be issued by FonCaixa Hipotecario 8, Fondo de Titulización Hipotecaria.

The originator is Caja de Ahorros y Pensiones de Barcelona, "La Caixa", the third-largest Spanish financial institution.

Notable Features

This transaction is very similar to the recent mortgage securitizations undertaken by La Caixa both in terms of structure and the type of product being securitized, a type of mortgage called "Crédito Abierto" (see explanation in "*Collateral Description*"), with very similar characteristics to previous issuances.

The main differences lie in the credit quality of the collateral, which is better than in previous FonCaixa transactions, and in the postponement triggers for the interest on the class B and C notes in the priority of payments, which will be based on an asset-liability test instead of a trigger based on the level of arrears used in the previous FonCaixa transaction.

Strengths, Concerns, And Mitigating Factors

Strengths

- The collateral is high quality, comprising first-ranking mortgage loans secured over residential owner-occupied properties, with a high weighted-average seasoning and a low weighted-average LTV ratio.
- The 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 long experience as a repeat RMBS issuer.
- The 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. These secured credit lines may be drawn several times up to the initial LTV ratio (see "*Collateral Description*" for further information).
- The product also features the possibility of a principal payment holiday for up to three years.

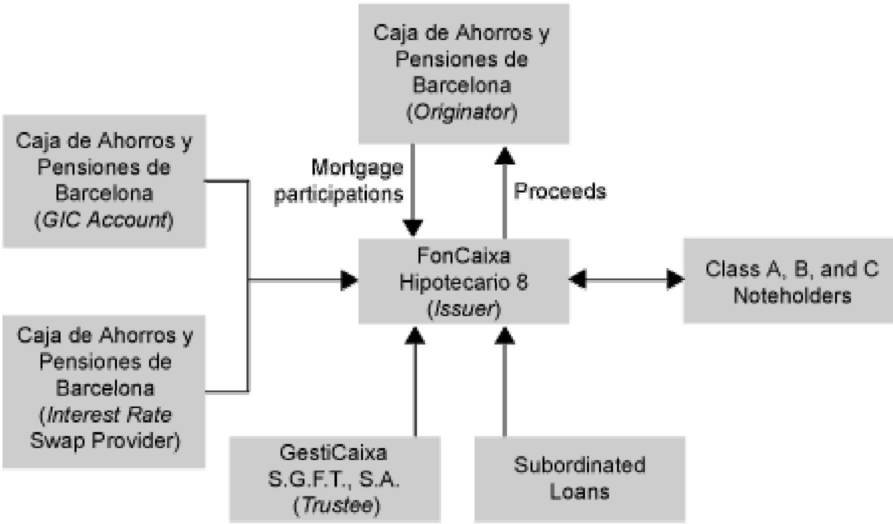
Mitigating Factors

- Standard & Poor's analysis has taken into account the fact that the further drawdowns will be secured by the same underlying property and will rank pari passu with the original mortgage loan. None of these further drawdowns are mandatory for the originator; La Caixa may decline granting further loans.
- The effect of a principal payment holiday has been incorporated into the analysis of the transaction. Moreover, this feature is not used much and is only granted with La Caixa's approval.

Transaction Structure

The structure of the transaction is shown in the following chart.

Chart 1
FonCaixa Hipotecario 8, FTH Structure



At closing, La Caixa will issue mortgage participations that will be purchased by GestiCaixa, the sociedad gestora (trustee equivalent), on behalf of the issuer (see chart). Each mortgage participation will represent, in an equal amount, the initial drawdown of each securitized mortgage loan originated by La Caixa. The mortgage participations will entitle FonCaixa 8 to any rights and proceeds due under the securitized portion of the mortgage loans.

Role of the Parties

FonCaixa Hipotecario 8, Fondo de Titulización Hipotecaria (Issuer)
The issuer, FonCaixa 8, is a *"fondo de titulización hipotecaria"* created for the sole purpose of purchasing the mortgage participations from La Caixa, for issuing the notes, and carrying on related activities. The issuer will hold a distinct and closed pool of assets available for distribution to the noteholders. The assets will be 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 securitizations in Spain, the day-to-day operations of the issuer will be managed by the sociedad gestora, which will represent and defend the interest of the noteholders. The sociedad gestora, on behalf of the issuer, will enter into certain contracts (a GIC, a swap agreement, and subordinated loans or credit 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 will be to create the issuer, to 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 in Spain.

With a focus on individual, residential mortgage, and small and midsize business lending, La Caixa enjoys a dominant position in its home market (the regions of Catalonia and the Balearic Islands), with a market share of about 20% by value of loans, and a growing market share in the rest of Spain. La Caixa also runs the largest distribution network in Spain, with 4,763 branches (57% located outside its home market) resulting from an ambitious, nearly completed 10-year expansion program.

Collateral Description

The provisional pool of mortgage loans consists of 16,733 amortizing loans secured by a first-ranking mortgage over residential owner-occupied properties situated in Spain. At the sale date of the notes, none of the loans will have delinquencies.

The securitized mortgage loans are the first drawdown made under the "*Crédito Abierto*"(open credit), a product whose main characteristics are as follows:

- There can be several drawdowns secured by the same property.
- Only the first drawdown is used to purchase the underlying property and it is the amount to be securitized.
- Subsequent redraws can only be made once the LTV ratio is under 70%.
- The maximum LTV ratio after subsequent redraws is generally around 70%, but can go up to 80%.
- Borrowers can take up to 36 months of principal payment holidays.
- Additional draws are granted at the originator's discretion. There is no obligation to grant new draws.

Further detail of the collateral are shown in charts 2 to 4.

Chart 2

LTV Distribution

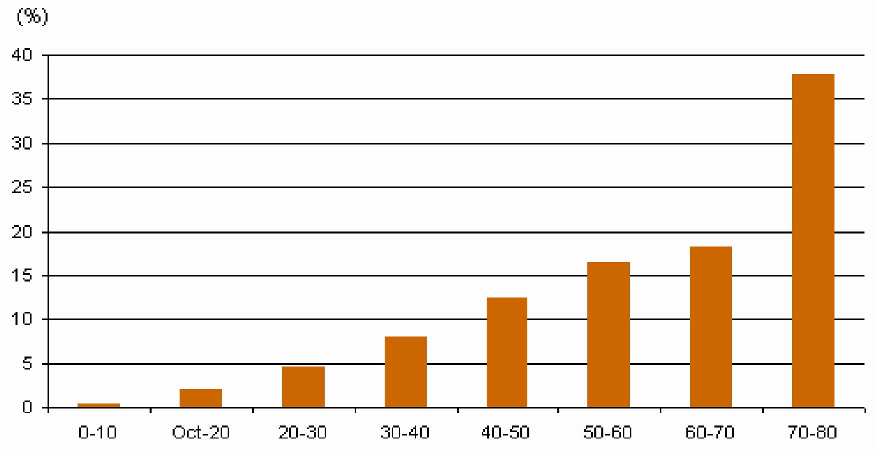
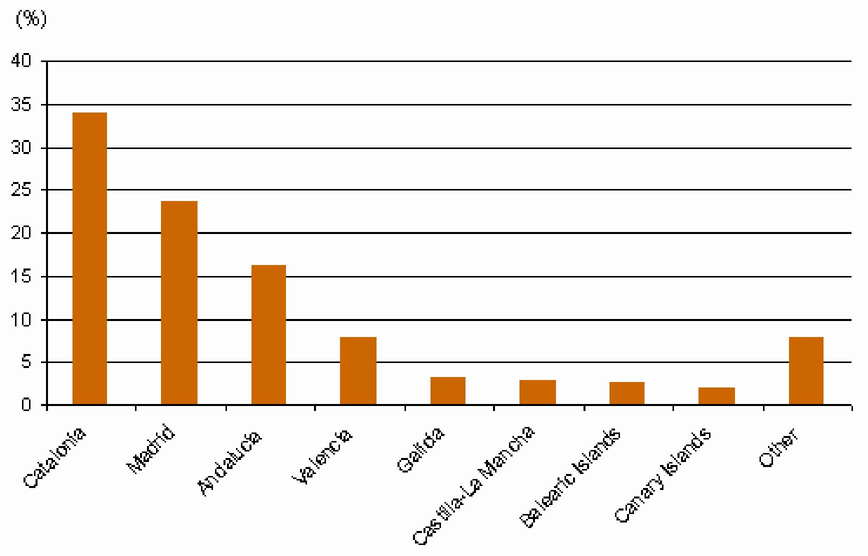
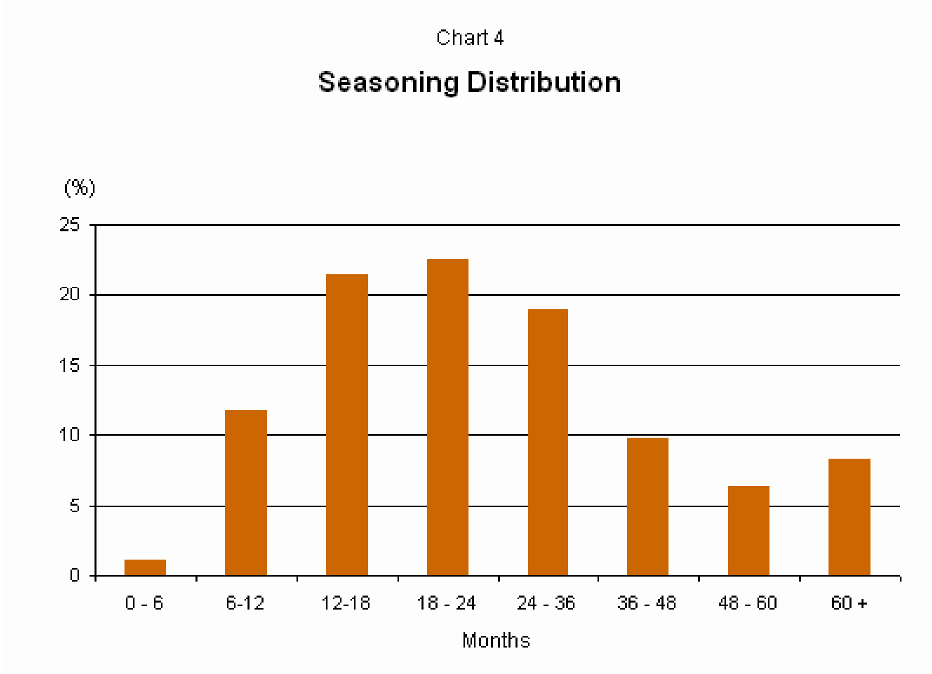


Chart 3

Geographic Concentration





The pool is diversified across the regions of Spain, but there is some concentration in Catalonia (33.84%), Madrid (23.54%), and Andalucia (16.08%) (see chart 3).

Collateral Risk Assessment

Standard & Poor's conducts a loan level analysis to assess the credit risk of the 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 analyses 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 ratings 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 will be.

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 19.89% 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 76.54 bps and the weighted-average interest rate of the mortgage loans amounts to 3.30%.

Cash Collection Arrangements

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

Transaction Account (GIC Account)

The servicer, on behalf of FonCaixa 8, will transfer daily the collected amounts to the GIC account held by La Caixa in the name of FonCaixa 8.

FonCaixa 8 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 will be reset quarterly. Interest will be paid monthly into the account and is calculated on all the collections deposited in the GIC account.

Should the short-term rating on La Caixa be downgraded below 'A-1', the sociedad gestora will take the following measures within 30 days:

- If La Caixa is downgraded to 'A-2' (but not below), the sociedad gestora will seek 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 will have to transfer the account, under the most favorable conditions, to an entity with a minimum short-term rating of 'A-1'.

Interest Swap Agreement

On behalf of FonCaixa 8, the sociedad gestora will enter into a swap agreement with La Caixa. This swap will provide protection against adverse interest-rate resetting and movements.

The issuer will pay the swap counterparty the interest due on the performing collateral and the loans in arrears up to 18 months. The issuer will receive three-month EURIBOR, plus the weighted-average margin of the notes and a spread of 65 bps on the outstanding balance of the notes.

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 will have 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 at least 'A-1' to assume its contractual position; or
- Post collateral, the amount being subject to the rating agencies' confirmation. If the swap counterparty is downgraded below 'A-3', this alternative will only be applicable if the swap counterparty is substituted by an entity with a minimum short term rating of 'A-1'.

Subordinated Loan

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

Subordinated Credit Line

The structure will be enhanced by a subordinated credit line, amounting to 0.8% of the initial issue amount of the notes, to cover any shortfalls in interest and principal arising at any payment date. The credit line will not be funded at closing.

The maximum amount drawable under the subordinated credit line is set for the first three years of the transaction at 0.8% of the initial issue amount. Thereafter, the maximum amount is the maximum of (i) 0.6% of the initial issue amount, and (ii) 1.6% of the outstanding principal on the notes.

However, the maximum amount drawable under the subordinated credit line will not decrease if:

- The subordinated credit line is not at its required level;
- The balance of loans in arrears over 90 days is over 0.65% of the outstanding balance of the loans; or
- The balance of loans in payment holidays is over 2%.

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 will either:

- Draw the full amount of the credit line to the issuer's account — the amount is determined by the rules described above; or
- Find a substitute entity with a minimum short-term rating of 'A-1' to be the subordinated line provider.

Both options are subject to confirmation from the rating agencies that the ratings on the notes will not be affected.

Redemption Of The Notes

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

The notes will redeem sequentially.

The amortization amount is determined as being the difference between the outstanding amount of the notes less the performing balance of the mortgage loans, which excludes loans in arrears for more than 18 months (considered as defaulted in this transaction). This default definition allows a faster amortization of the notes in case the performance of the collateral decreases.

Standard & Poor's Stress Test

Standard & Poor's analysis includes a conservative assessment of the credit risk inherent in the transaction, as described in the section titled *"Collateral Risk Assessment"*. The credit enhancement levels have been 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.

Key Performance Indicators And Surveillance

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.

Criteria Referenced

- "Criteria for Rating Spanish Residential Mortgage-Backed Securities" (published on March 1, 2002).

Related Articles

- "Mortgage Securitization Growth in Spain Outweighs Expected Fall in SME Transactions" (published on Jan. 26, 2005).
- "Ratings Transitions 2003: Upgrades on the Rise as European Structured Finance Ratings' Stability Continues" (published on Jan. 15, 2004).

All criteria and related articles are available on RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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