Publication Date: April 10, 2003

RMBS Presale Report

Bancaja 5 Fondo de Titulización de Activos

€1 billion bonos de titulización

Analysts: José Ramón Torá, Madrid (34) 91-389-6955 and Patricia Pérez Arias, London (44) 20-7826-3840

This presale report is based on information as of April 10, 2003. The credit ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final credit ratings that differ from the preliminary credit ratings. Please call one of Standard & Poor's Ratings Desks for the final ratings when assigned: London (44) 20-7847-7400, Paris (33) 1-4420-6705, Frankfurt (49) 69-33-999-223, Stockholm (46) 8-440-5916.

Profile
Expected closing date: April 17, 2003.

Collateral: A pool of first-lien residential mortgage loans.

Originator: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Collateral manager: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Bank account provider: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Reserve fund and subordinated loan provider: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Issuer: Bancaja 5 Fondo de Titulización de Activos (Bancaja 5 FTA).

Guaranteed investment contract (GIC) provider: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Swap counterparty: Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Co-lead managers: J P Morgan Securities Ltd. and Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Bookrunner: J P Morgan Securities Ltd.

Fund manager (sociedad gestora): Europea de Titulización, Sociedad Gestora de Fondos de Titulización S.A.

Legal final maturity: April 2035.

Preliminary credit ratings as of April 10, 2003

Class	Preliminary credit rating*	Preliminary amount (Mil. €)	Recommended credit support (%)
A	AAA	960.5	4.85
B	A	24.5	2.40
C	BBB	15.0	0.90

**The rating on each class of securities is preliminary and subject to change at any time.*

Rationale

The preliminary credit ratings assigned to the €1 billion notes ("bonos de titulizacións") to be issued by Bancaja 5 Fondo de Titulización de Activos (Bancaja 5 FTA) reflect:

- Standard & Poor's analysis of assets transferred to Bancaja 5 FTA, representing a pool of first-ranking mortgage loans secured over residential properties located in Spain;
- The level of protection for noteholders provided by the levels of subordination, the reserve fund of 0.90% of the initial balance of the notes, and excess spread of 0.55%;
- The experience of Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (Bancaja) as an originator and servicer of mortgage loans; and
- The sound payment structure and cash flow mechanics of the transaction.

Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview.

Strengths, Concerns, and Mitigating Factors

Strengths

The strengths of the transaction observed in the rating analysis are:

- The level of subordination at each tranche level;
- The fully funded reserve fund and excess spread, which are available to cover any interest or principal shortfalls;
- The servicing capabilities of Bancaja; and
- The interest swap agreement to mitigate the basis risk in the transaction.

Concern

A concern identified with respect to the transaction is that approximately 30% of the pool of assets to be sold to the issuer exceeds the LTV ratio limit of 80%. However, none of them exceeds an LTV ratio of 90%.

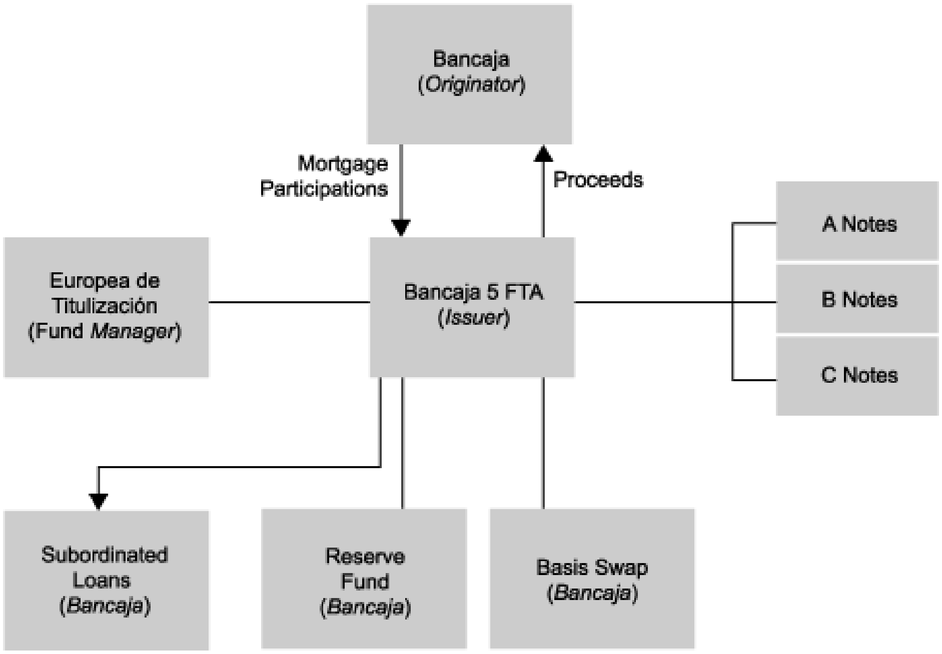
Mitigating Factor

A factor that mitigates this concern is that Standard & Poor's analysis of the portfolio and cash flow model stresses have taken into account mortgage loans with LTV ratios above 80%.

Transaction Structure

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

Bancaja 5 Fondo de Titulización de Activos Structure



The mortgage participations backing the bonos de titulizacións will be issued and serviced by Bancaja. Each mortgage participation is backed by a single residential mortgage loan. Mortgagors make their payments directly to Bancaja, which then pays these amounts to the issuer.

Class A noteholders are protected from potential credit losses on the underlying mortgages by the 4.85% subordination of the class B and C notes, the reserve fund, and excess spread.

Class B noteholders are protected from potential credit losses on the underlying mortgages by the 2.40% subordination of the class C notes, the reserve fund, and excess spread.

Class C noteholders are protected from potential credit losses on the underlying mortgages by the reserve fund and excess spread.

Main Transaction Parties

Bancaja 5 Fondo de Titulización de Activos (Issuer)

The issuer, Bancaja 5 FTA, is a Fondo de Titulización de Activos created for the purpose of purchasing the mortgage participations from Bancaja, issuing the notes, and carrying on related activities. The issuer will hold a distinct and closed pool of assets, the income on which will be available for distribution to the noteholders. The assets will be insulated from the insolvency of the originator and Europea de Titulización, Sociedad Gestora de Fondos de Titulización S.A. (known as the "sociedad gestora") as fund manager.

Europea de Titulización, Sociedad Gestora de Fondos de Titulización S.A. (Fund Manager)

The creation of the sociedad gestora was authorized by the Ministry of Economy and Treasury on Jan. 19, 1993. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the issuer will be managed by the sociedad gestora, which will represent and defend the interests of the noteholders. The sociedad gestora, on behalf of the issuer, will enter into certain contracts (such as a guaranteed investment contract (GIC), a swap agreement, and subordinated loans) needed to protect it against certain credit losses and liquidity shortfalls that are assumed to arise in connection with the holding of the mortgage participations. In this transaction the main responsibilities of the sociedad gestora will be to create the issuer, issue the notes on behalf of the issuer, 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 de Valencia, Castellón y Alicante, Bancaja (Originator and Servicer)
Bancaja is the leading financial services company in the Valencia region, where it is based and has most of its market share. It is also the fourth largest savings bank nationwide and is among the top 10 leading financial institutions in Spain.

The Bancaja group was created out of a merger with three other savings banks (Caja de Ahorros de Valencia, Castellón, and Alicante). Bancaja is also a shareholder in Banco de Valencia and Banco de Murcia. Bancaja has subsidiaries operating in areas such as financial intermediation, insurance, and real estate.

The Bancaja group currently has more than 2 million clients nationwide, served by a strong network of approximately 1,100 branches and 1,200 ATMs.

Collateral Description

Details of the collateral backing the notes are outlined in Table 1.

Table 1: **Collateral Description**

Type of assets	Residential properties in Spain
Total principal balance (€)	1,089,957,794
Total number of loans	15,998
Largest loan (€)	295,631
Average loan (€)	68,131
Weighted-average LTV ratio (%)	69.94
Weighted-average seasoning (months)	17.6
One-month arrears (%)	0.15

The geographic distribution of the mortgage loans is shown in Table 2.

Table 2: **Geographic Distribution of Mortgage Loans**

Region	Percentage
Valencia	54.60
Madrid	17.20
Catalonia	9.14
Balearic Islands	4.39
Canary Islands	3.85
Rest of Spain	10.82

The provisional pool consists of floating-rate mortgage loans, mainly referenced to 12-month EURIBOR plus an average margin of 0.90%. Of the pool, 11.70% is referenced to TMPH Cajas Ahorro. The average margin of the floating-rate mortgage loans is at least 0.84% over the various indices of the pool.

The mortgage loans are fully amortizing and pay monthly. Floating-rate loans have neither interest rate caps nor floors.

The provisional pool has a current weighted-average LTV ratio of 69.94%, with 29.93% of the loans having LTV ratios above 80.00%. None, however, exceeds a 90.00% LTV ratio.

The pass-through rate of the mortgage participations is equal to the mortgage loan interest rate.

Note Terms
Unless redeemed earlier, the notes must be redeemed 30 months after the maturity of the longest-term mortgage loan in the pool, that being April 2035.

Interest Rate
Interest will be paid quarterly in arrears, commencing July 2003, at an annual rate equal to three-month EURIBOR plus a margin yet to be determined.

Amortization of the Notes
All available principal will be used to redeem the notes sequentially.

The class B notes will start to amortize pro rata with the class A notes when they represent 4.9% of the total outstanding amount of the notes.

The class C notes will start to amortize pro rata with the class A and B notes when they represent 3.0% of the total outstanding amount of the notes.

However, the pro rata amortization mechanism will be interrupted if:

- There is a principal deficiency (i.e., if the amount allocated to the amortization of the notes is less than the required amount);
- The amount of loans more than 90 days in arrears is greater than 2%; or
- The reserve fund is not funded to the required amount.

The payment of interest on the class B and C notes can be deferred in the priority of payments to protect the senior notes as outlined below.

The class B notes' interest payments will be deferred if the aggregate of the outstanding amount of loans more than 90 days in arrears represents more than 8% of the outstanding amount of the mortgage participations and the class A notes have not been fully redeemed at the relevant date.

Similarly, the class C notes' interest payments will be deferred if the aggregate of the outstanding amount of loans more than 90 days in arrears represents more than 5% of the outstanding amount of the mortgage participations and the class A and B notes have not been fully redeemed at the relevant date.

Reserve Fund
The reserve fund, funded via a subordinated loan at closing, will cover shortfalls in interest for the class A, B, and C notes and, at the last payment date, the reserve fund will also cover any shortfall in principal.

During the life of the transaction, the required amount of the reserve fund will decrease and will therefore be calculated as the lesser of:

- 0.90% of the initial issue amount; and
- The greater of 1.80% of the outstanding principal on the notes and 0.50% of the issue amount (floor).

However, the reserve fund on any payment date will not be decreased if the outstanding amount of loan arrears greater than 90 days is greater than 2% or if there is a principal deficiency.

Subordinated Loan Facility Agreements
Bancaja, the subordinated loan facility provider, will provide two subordinated loans on the closing date. The first will fund the reserve fund. The second will be a subordinated startup loan, which will cover the expenses for the closing of the transaction.

The subordinated loan funding the reserve fund will start to amortize when the required amount of the reserve fund decreases.

If there are sufficient available funds, the subordinated startup loan will amortize in 20 equal quarters.

Swap Agreement

On behalf of the issuer, the sociedad gestora will enter into a swap agreement with Bancaja to protect the noteholders from interest rate risk. The swap agreement leaves an excess spread of 0.55% in the transaction.

Under this swap agreement, the issuer will pay the swap counterparty the interest received from the portfolio and will receive an amount calculated by applying the weighted-average rate of interest on the notes applicable to the notional principal balance of the swap plus 0.55% excess spread.

The notional principal balance of the swap corresponds to the outstanding amount of loans not more than 90 days in arrears.

Downgrade of Swap Counterparty

If Bancaja's financial condition should deteriorate to the point that it adversely affects the ratings on the notes, then within a maximum of 10 business days Bancaja is obligated to:

- Elect a third party with a short-term rating equal to at least 'A-1' to guarantee the fulfillment of Bancaja's contractual obligations as swap provider; or
- Look for a replacement entity with a short-term rating of 'A-1' to assume its contractual position before terminating the swap agreement; or
- Put up a cash deposit or a securities deposit in favor of the issuer, in the event that none of the above can be met.

All of the above are subject to the terms and conditions that the sociedad gestora and Standard & Poor's deem pertinent to maintain the ratings assigned to each class of notes.

Guaranteed Investment Contract Account

Bancaja 5 FTA will enter into a GIC with Bancaja, under which Bancaja guarantees a rate of interest equal to the index interest rate of the notes during the quarterly period ending on each payment date, for all amounts deposited in the collection account initially opened with Bancaja.

In the event that the financial condition of Bancaja as GIC account provider adversely affects the rating on the notes, the sociedad gestora will have 10 days to:

- Obtain a guarantee from another entity rated at least 'A-1'; or
- Transfer the account to an 'A-1' rated institution.

If neither option is available, the sociedad gestora can invest such funds, on a quarterly basis, in 'A-1' rated euro-denominated securities.

Cash Flow Stress Test

Standard & Poor's analysis includes a conservative assessment of the credit risk inherent in the transaction. 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.

Surveillance Details

Continual surveillance will be 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 will be analyzed, supporting ratings will be monitored, and regular contact will be 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.

Analyst E-Mail Addresses

jose_tora@standardandpoors.com
patricia_perezarias@standardandpoors.com
StructuredFinanceEurope@standardandpoors.com

Standard & Poor's. *Setting The Standard.*

The McGraw-Hill Companies

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280.