BANCAJA 6 Fondo de Titulización de Activos

Bancaja
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 October 2003. 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
December 2003

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A1	(P)**Aaa**	€[130,000,000]	6.25%	20/02/2036	20/05/2005
A2	(P)**Aaa**	€[1,783,600,000]	85.75%	20/02/2036	20/08/2033
B	(P)**A1**	€[119,600,000]	5.75%	20/02/2036	20/08/2033
C	(P)**Baa2**	€[46,800,000]	2.25%	20/02/2036	20/08/2033
Total		€[2,080,000,000]	100%		

All the ratings in this transaction 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

- Credit enhancement provided by the excess spread, a reserve fund and the subordination of the notes
- Reserve fund fully funded upfront to cover potential shortfall in interest and principal
- Interest rate swap provided by Bancaja (**A1**/**P-1**) guaranteeing an excess spread of 0.55%
- Excess spread-trapping mechanism through an 18 months "artificial write-off" mechanism
- Quality of Bancaja as originator, servicing and paying agent
- Proven experience of Europea de Titulización as *gestora* and the supporting guarantee of the *gestora* obligations by all of its shareholders
- Strong performance and track record on previous Bancaja deals
- 100% of the loans are paid via direct debit
- Almost 100% of the portfolio is paid through monthly instalments

Weaknesses and Mitigants

- Loans of over 80% LTV comprise 56% of the total portfolio, which leads to a higher expected default frequency and more severe losses. The increased risk was reflected in the Credit Enhancement calculation.
- Geographical concentration in the region of Valencia (59%), mitigated in part by the fact that this is the region of Bancaja's origin, where it has its highest expertise. Additionally Moody's mitigates the potential increase in the volatility of losses due to the highest concentrations requiring additional credit enhancement.
- Pro-rata amortisation of the B and C Series of notes leads to reduced credit enhancement of the senior class in absolute terms. This is mitigated by strict triggers which terminate the pro-rata amortisation of the notes as the performance of the transaction deteriorates.

STRUCTURE SUMMARY

Issuer:	Bancaja 6 Fondo de Titulización de Activos
Structure Type:	Spanish Fondo de Titulización de Activos *(FTA)*
Seller/Originator:	Bancaja (**A1**/**P-1**)
Servicer:	Bancaja (**A1**/**P-1**)
Interest Payments:	Quarterly on February 20th, May 20th, August 20th, November 20th
Principal Payments:	Series A1 notes are soft bullet Series A2, B and C notes will amortize on a pass-through basis
Credit Enhancement/Reserves:	Excess spread Reserve fund Subordination
Hedging:	Swap counterparty will pay the weighted average coupon on the notes plus 55 bbps on a notional amount equal to the outstanding amount of the loans not more than 90 days in arrears.
Principal Paying Agent:	Bancaja (**A1**/**P-1**)
Management Company (Gestora):	Europea de Titulización S.G.F.T, S.A
Lead Manager:	Bancaja, Crédit Agricole Indosuez, Dresdner Kleinwort Wasserstein, Morgan Stanley

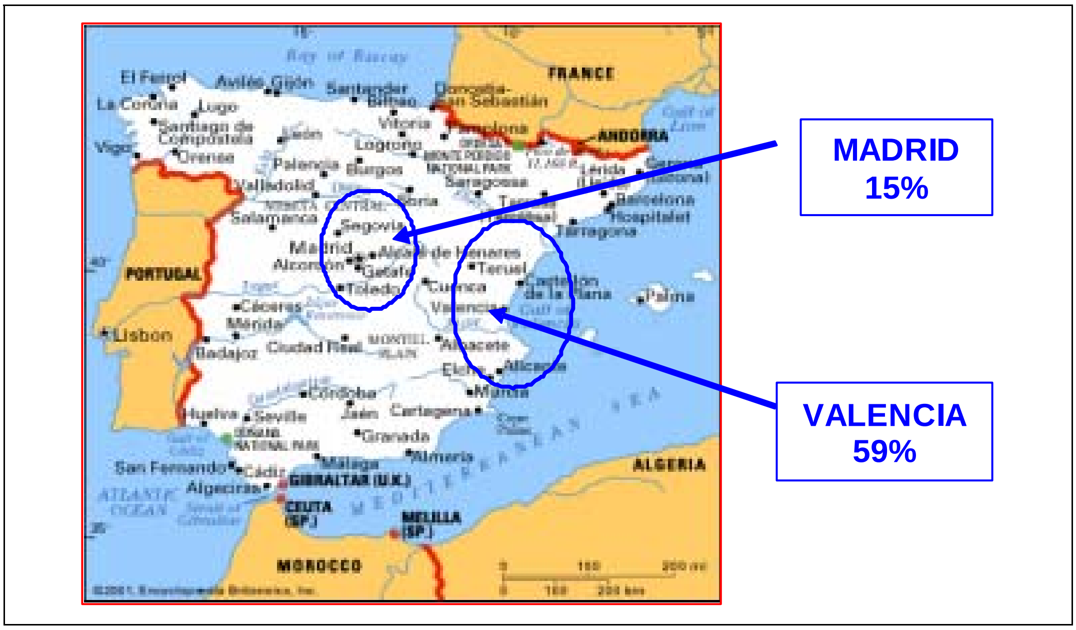
COLLATERAL SUMMARY (PROVISIONAL PORTFOLIO)

Collateral:	First-lien mortgages on residential properties
Number of Contracts:	28,527
Number of Borrowers:	28,527
Geographic Diversity:	Valencia (59%), Madrid (15%)
WA LTV:	78.44%
WA Remaining Term:	264.67 months
Seasoning:	24.39 months
Delinquency Status:	No loans more than 30 days at closing date
Interest Basis:	Floating (100%)
WA Interest Rate:	3.64%
Highest Exposure:	€348,962
Average Loan:	€76,279

Structural and Legal Aspects

The sixth RMBS deal launched by Bancaja

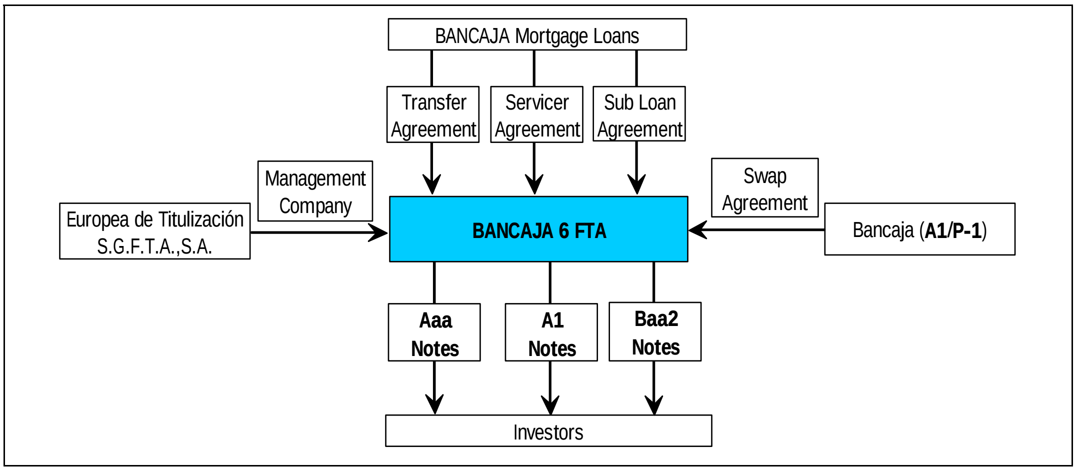
With this transaction Bancaja is tapping the RMBS market for the sixth time (Bancaja also launched two CLO transactions in 2002/03). Bancaja 6 repeats the same structure as its predecessors Bancaja 4 and Bancaja 5. However, this time Bancaja introduces a slight difference in the payment allocation – the reserve fund will be available to cover potential shortfall in interest and in principal. In line with the pattern observed in previous Bancaja transactions, this portfolio is concentrated in the region of Valencia.



The products being securitised are first-lien mortgage loans granted to individuals resident in Spain who will use these loans primarily to acquire or refurbish a primary residence (96% of the loans are financing the purchase of a first residence). All of the mortgage loans were originated by Bancaja, which will continue to service them. Approximately 58% of the mortgage loans are ranked over 80% LTV.

As in previous transactions, the purpose of the securitisation is to remove from the Bancaja balance sheet, the credit risk linked to the mortgages and to obtain liquidity.

Recurrent plain vanilla structure



The transaction consists of three rated classes – a senior tranche for an amount equal to €[1,913,600,000] composed of two [**Aaa**]-rated Series, A1 and A2 notes, a mezzanine Series B rated [**A1**] and a subordinated series C rated [**Baa2**] for an amount equal to €[119,600,000] and €[46,800,000] respectively. The reserve fund is fully funded by the originator at the closing date. Each Series of notes is supported by the series subordinated to itself, a reserve fund and the excess spread guaranteed under the swap agreement with Bancaja. The swap agreement will also hedge the Fondo against the risk derived from having different index reference rates on the assets and notes sides.

In addition, the Fondo will benefit from a €[2,300,000] subordinated loan provided by Bancaja to fund the starting expenses and the note issuance costs.

Reserve fund fully funded upfront to cover potential shortfall in interest and principal

The reserve fund is constituted to help the fund meet its payment obligations. Initially funded by a subordinated loan granted by the originator for an amount of [1.90%] of the initial balance of the notes, it will be held in Bancaja. The reserve fund will be used to protect the Series A1, A2, B and C notes against interest and principal shortfall on an ongoing basis. It may be amortised over the life of the transaction so that it amounts to the lesser of the following amounts:

1. [1.90%] of the initial balance of the notes
2. The higher of the following amounts:
   - [3.80%] of the outstanding notional balance of the notes
   - [1.00%] of the initial balance of the notes

However, amortisation of the reserve fund will cease if any of the following scenarios occur:

- The amount of loans more than 3 months and less than 18 months in arrears exceed 1.00% of the outstanding balance of the portfolio
- The available amount under the reserve fund is not equal to the then required amount

Interest rate swap guaranteeing 0.55 bppa of excess spread

According to the swap agreement entered into between the Fondo and Bancaja, on each payment date:

- The Fondo will pay the interest actually received from the loans
- Bancaja will pay the sum of (1) the weighted average coupon on the notes plus 55 bppa, over a notional calculated as the daily average of the outstanding amount of the loans not more than 90 days in arrears since the last payment date and (2) the weighted average margin on the notes over a notional calculated as the daily average of the outstanding amount of the amortisation account

The excess spread thus provided through the swap agreement constitutes the first layer of protection for investors.

In the event of Bancaja's long-term rating being downgraded below **A1**, within 10 days it will have to (1) collateralise its obligation under the swap in an amount sufficient to maintain the then current rating of the notes, or (2) find a suitably rated guarantor or substitute.

Payment Structure Allocation

On each quarterly payment date, the Fondo's available funds (principal received from the asset pool, the reserve fund, amounts received under the swap agreement and interest earned on the transaction accounts) will be applied in the following simplified order of priority:

1. Cost and fees, excluding servicing fee (except in the case in which Bancaja is replaced as servicer of the loans)
2. Any amount due under the swap agreement (except termination payments if Bancaja defaults under the swap agreement)
3. Interest payment to Series A1 and A2
4. Interest payment to Series B notes (if not deferred)
5. Interest payment to Series C notes (if not deferred)
6. Retention of an amount equal to the principal due under the notes
7. Replenishment of the reserve fund
8. Interest payment to Series B notes (if deferred)
9. Interest payment to Series C notes (if deferred)
10. Termination payments under the swap agreement by default of Bancaja
11. Junior expenses

Interest Deferral Mechanism

The payment of interest on the Series B and C notes will be brought to a more junior position if on two consecutive payments dates the following criteria are met:

Series B	Series C
a) The outstanding amount of loans more than 90 days past due is higher than 19% of the initial amount of the asset pool	a) The outstanding amount of loans more than 90 days past due is higher than 11.60% of the initial amount of the asset pool
b) Class A is not fully redeemed	b) Class A and Series B are not fully redeemed

18 months "artificial write-off" mechanism

In fact, the transaction structure for Series A1, A2, B and C benefits from an "artificial write-off", which traps available excess spread to cover losses (if any). This type of "artificial write-off" is hidden in the definition of Principal Due, which is the difference between the notes outstanding and the outstanding principal balance of the loans (performing loans plus loans less than 18 months in arrears).

The "artificial write-off" speeds up the off-balance sheet treatment of a non-performing loan. Thus, the amount of notes collateralised by non-performing loans is minimised, and consequently the negative carry. However, the most important benefit for the transaction is that the amount of excess spread trapped in the structure is greater (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost): the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

Class A amortisation

Until the payment date in which Series B and C notes will start amortise pro-rata with Class A, the amount retained as principal due will be used for the repayment of Class A in the following order of priority:

1. Amortisation of Series A1 notes
2. Series A2 notes will start to amortise on the payment date equal to the later of:
   (i) once Series A1 notes are fully amortised
   (ii) 20/08/2005.

Nevertheless, the amount retained as principal due will be pro-rata distributed among Series A1 and A2,if the amount of loans more than 3 months and less than 18 months in arrears exceed [2.00%] of the outstanding balance of the portfolio.

Once Series B and C start to be amortised, the amount retained as principal due will be pro-rata distributed between Class A, Series B and C notes.

Series A1 notes are soft bullet

Until the payment date falling on 20 May 2005, all funds available to the repayment of this series will be transferred to the amortisation account, creating an amortisation fund for Series A1 notes. Funds available under the amortisation account will be used for the repayment of Series A1 notes on the payment date falling on 20 May 2005. Should the amount available on this account not be sufficient to fully redeem the notes, the outstanding principal remaining after such partial repayment will be repaid on a pass-through basis on the following payment dates.

The negative carry created by the fund of the amortisation fund for the Series A1 notes is compensated by (1) the annual yield of the amortisation account which equals the index reference rate of the notes and (2) Bancaja payments under the swap agreement which covers the margin of the Series A1 notes.

Moody's rating addresses the timely payment of interest and redemption of principal on or before the final legal maturity date (February 2036). The rating does not address full redemption of the Notes on the expected maturity date

Series B and C amortisation

As in the most recent Bancaja transaction, this transaction also includes pro-rata amortisation. Pro-rata amortisation entails risk as opposed to fully sequential transactions given that the credit enhancement decreases in absolute terms. The risks introduced by pro rata amortisation are mitigated by the following triggers:

- Series B Notes will start amortising pro rata with the Class A notes when they represent [11.50]% of the outstanding balance under the Series A1,A2, B and C notes.
- Series C Notes will start amortising pro rata with the Class A and B notes when they represent [4.50]% of the outstanding balance under Series A1,A2, B and C notes.

However, the pro rata amortisation will cease if:

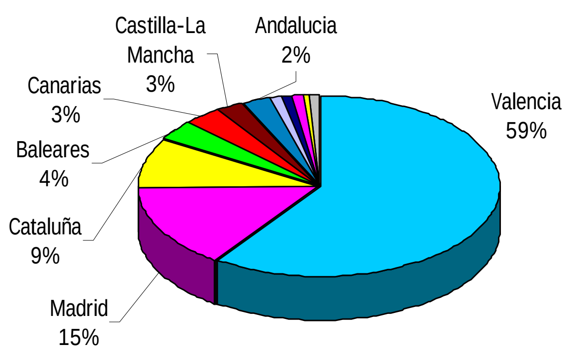
Series B	Series C
• The outstanding amount of loans more than 90 days but less than 18 months past due is higher than 1.5% of the outstanding amount of the asset pool	• The outstanding amount of loans more than 90 days but less than 18 months past due is higher than 1.0% of the outstanding amount of the asset pool
• The available amount under the reserve fund is not equal to the then current required amount	

In addition to these triggers, the pro-rata amortisation will cease when the loan balance is less than 10.0% of the initial loan balance.

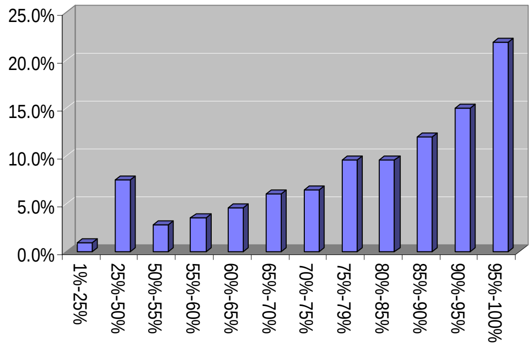
COLLATERAL – PROVISIONAL REFERENCE PORTFOLIO

As of October 2003, the portfolio comprised 28,527 loans, representing a provisional portfolio of €2,176,217,459. The loans have been granted in order to finance the purchase, building and renovation of residential homes located in Spain. The loans consist of first-lien mortgages on residential properties that are all believed to be owner-occupied (only 4% of the loans are granted to acquire second homes). All the properties on which the mortgage security has been granted are covered by property damage and fire insurance. At closing date there will be no loans more than 30 days in arrears.

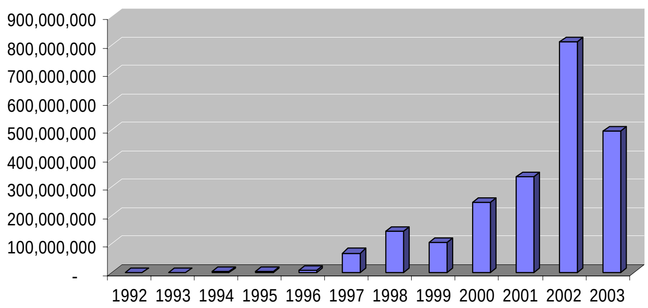
Portfolio Breakdown by Geographical Diversification



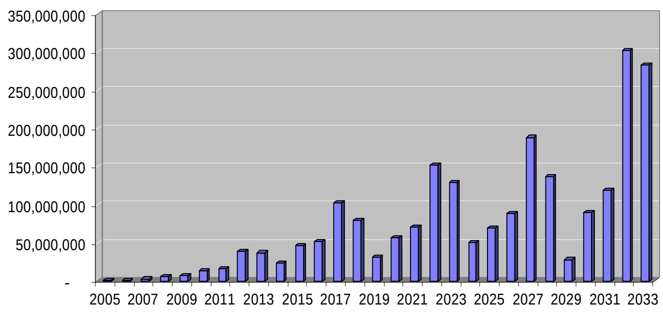
Portfolio Breakdown by LTVs



Portfolio Breakdown by Year of Origination



Portfolio Breakdown by Maturity



The average loan is €76,279 and the largest loan is €348,962. The loans are originated between 1991 and 2003 with a weighted average seasoning of 24.39 months and a remaining maturity of 264.67 months. Almost all the loans are paid through monthly instalments. Instalments are debited to accounts which are held by the debtors at Bancaja. Moody's views this feature as a positive characteristic since delinquencies are likely to be tracked more easily. The loans are fixed to 12-month Euribor/Mibor (89%), Mercado Hipotecario Cajas (10%) three-month Euribor/Mibor (0.54%). The weighted average interest rate is 3.64%.

Range (Euros)	Outstanding (Euros)	% Outstanding	N. of Loans
0-11,999	133,533	0.01%	18
12,000-23,999	29,659,017	1.36%	1,414
24,000-35,999	105,651,296	4.86%	3,496
36,000-47,999	159,230,233	7.32%	3,783
48,000-59,999	206,824,332	9.50%	3,824
60,000-71,999	217,655,755	10.00%	3,297
72,000-83,999	216,108,384	9.93%	2,769
84,000-95,999	215,177,442	9.89%	2,394
96,000-107,999	179,039,641	8.23%	1,761
108,000-119,999	167,521,571	7.70%	1,469
120,000-131,999	131,687,514	6.05%	1,044
132,000-143,999	124,133,781	5.70%	901
144,000-155,999	106,119,958	4.88%	709
156,000-167,999	74,124,897	3.41%	458
168,000-179,999	65,790,625	3.02%	378
180,000-191,999	39,407,529	1.81%	212
192,000-203,999	25,885,675	1.19%	131
204,000-215,999	26,595,346	1.22%	127
216,000-227,999	17,129,374	0.79%	77
228,000-239,999	19,412,296	0.89%	83
240,000-251,999	12,607,545	0.58%	51
252,000-263,999	11,363,692	0.52%	44
264,000-275,999	5,913,095	0.27%	22
276,000-287,999	9,323,566	0.43%	33
288,000-299,999	8,519,468	0.39%	29
300,000-311,999	300,000	0.01%	1
312,000-347,999	347,888	0.02%	1
348,000-359,999	348,962	0.02%	1
	2,176,012,415	**100.0%**	**28,527**

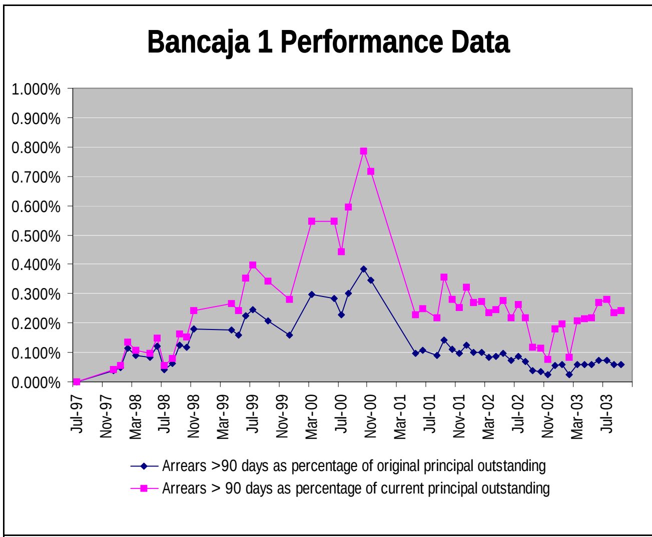
Renegotiations

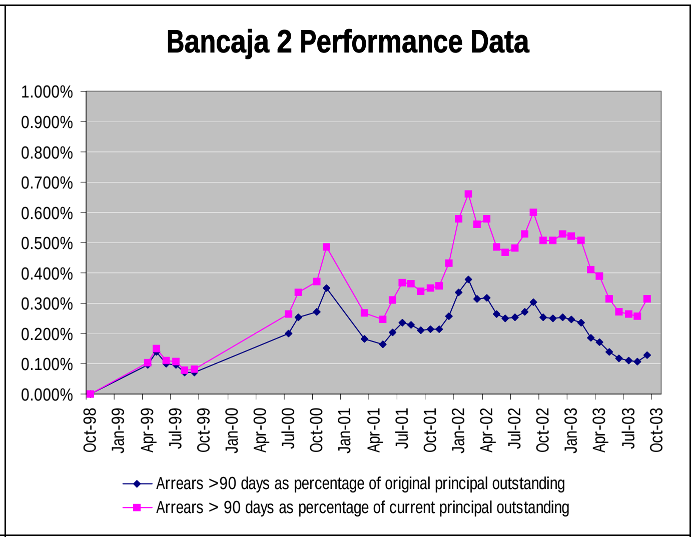
Any renegotiation of the terms and conditions of the loans is subject to the *gestora*'s approval, except for interest rate negotiations. However, the originator is not allowed to renegotiate any loan if the weighted average margin of the pool is equal to or less than 50bbpa. At the time of the analysis, the interest rate is 3.64%. The terms of the renegotiation may not extend the maturity of any loan later than 20 August 2033.

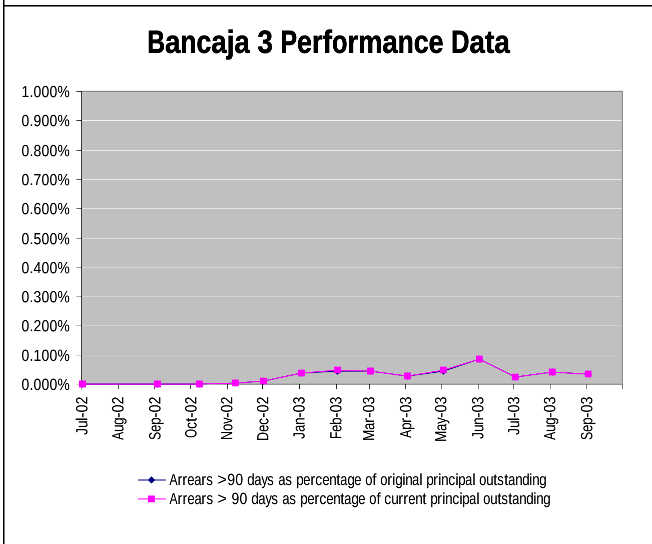
Comparison with previous Bancaja transactions

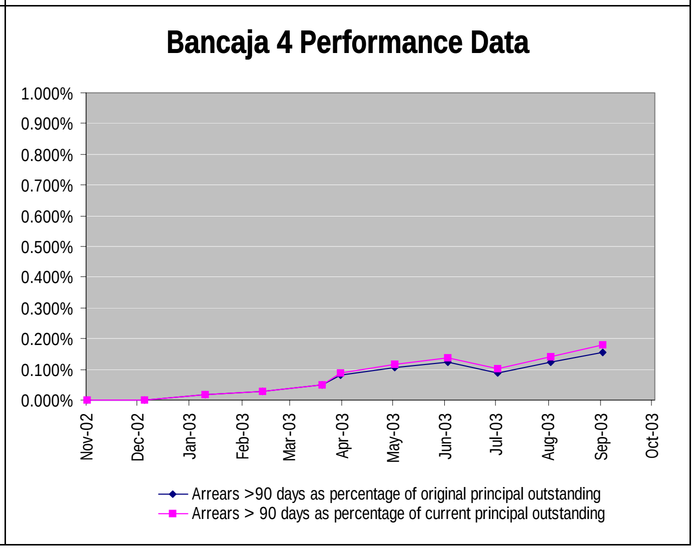
Performance data on previous Bancaja transactions

BANCAJA 1		BANCAJA 2		REVOLVING BANCAJA 3		BANCAJA 4		BANCAJA 5	
Aaa	96.25%	Aaa	96.40%	Aaa	96.00%	Aaa	97.05%	Aaa	96.05%
A2	3.75%	A2	3.60%	A1	2.00%	A2	2.05%	A2	2.45%
				Baa 2	2.00%	Baa 2	0.90%	Baa 2	1.50%
WALTV	59,99%	WALTV	61,38%	WALTV	57.98%	WALTV	63.33%	WALTV	69.94%
Spread		Spread		Xs Spread	0.60%	Xs Spread	0.50%	Xs Spread	0.55%
SWAP	YES	SWAP	YES	SWAP	YES	SWAP	YES	SWAP	YES
R F A	1.70%	RF	2.08%	LOC	0.50%	LOC	0.80%	RF	0.90%
R F B	0.35%								
TOTAL CE	4.10%		5.68%		4.50%		3.75%		4.85%
WALTV	59,99%		61,38%		57.98%		63.33%		69.94%
Geog. Conc.	Valen. 99%		Valen. 92.8%		Valen. 87%		Valen. 60%		Valen. 54%
Seasoning							1.32 Years		1.47 Years









ORIGINATOR, SERVICER AND DUE DILIGENCE

Bancaja, the sixth largest financial institution in Spain by assets and with an active presence in the Spanish securitisation market

With total assets of €29 billion at end-September 2002, Bancaja is the sixth-largest financial institution and the third-largest savings bank in Spain by assets. Its home market is the Valencia region, where it also has its strongest presence and where it holds a 30% market share of deposits (40% in Valencia and 30% in Castellón). Bancaja was formed from the merger of several savings banks in the late 1980s and early 1990s.

The **A1/P-1/C+** ratings of Bancaja reflect the bank's strong retail franchise in Spain's Valencia region and its sound financial fundamentals, which include good profitability, solid asset quality, and strong operational efficiency. The ratings also take into account Bancaja's efforts to diversify its revenue sources as well as its low risk profile, but recognise the possibility that this risk profile could be raised as a result of the bank's expansion into higher-risk activities.

Bancaja operates through a network of 1,227 ATMs and 1,104 branches of which about 80% are located in its home market. In addition, the bank offers its clients telephone and Internet banking services. Bancaja runs a traditional low-risk franchise with a focus on mortgage lending and local SMEs.

Asset quality has improved to very good levels during the past few years on the back of a favourable economic environment with low interest rates. Bancaja's conservative credit standards and its traditional low-risk credit portfolio, which is highly weighted in mortgages, have also played a role in this turnaround. At the end of September 2002, non-performing loans as a percentage of total loans increased slightly to 0.88% from 0.79% in the same period the previous year.

MOODY'S 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:

The Aaa Credit Enhancement number is determined using a loan-by-loan 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 with 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. This period has been assumed to be 27 months, which is approximately twice as long as currently experienced. We also assumed the cost of the sale to be 7%.
- 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.

Cash flow modelling used to assess impact of structural features

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 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.

Moody's rating process also involves, structural and legal analysis

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 Spanish MBS rating methodology refer to Moodys.com – "Spanish Residential Mortgage Backed Securities, An Introduction to Moody's Rating Approach".

RATING SENSITIVITIES AND MONITORING

Europea de Titulización, 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

Visit moodys.com for more details

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:

- RATING METHODOLOGY: Spanish Residential Mortgage-Backed Securities, An Introduction to Moody's Rating Approach, July 2001
- SPECIAL REPORT: Introducing Moody's Arrears Index for Spanish Mortgage-Backed Securities Overall Credit Quality of Spanish RMBS Transactions Remains Strong, According to New Index, March 2002
- SPECIAL REPORT: Moody's Spanish RMBS Arrears Index Delinquency Levels Remained Persistently Low in 2002 but are Likely to Rise Given Weakening Global Economy and Factors Affecting Homeowners' Indebtedness, May 2003
- BANCAJA 1 Pre-sale report + Performance Overview
- BANCAJA 2 Pre-sale report + Performance Overview
- BANCAJA 3 Pre-sale report + Performance Overview
- BANCAJA 4 Pre-sale report + Performance Overview
- BANCAJA 5 Pre-sale report + Performance Overview
- FTPYME BANCAJA 1 Pre-sale report + Performance Overview
- FTPYME BANCAJA 2 Pre-sale report + Performance Overview

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