RMBS/Spain
Presale Report

Bancaja 8, Fondo de Titulización de Activos

Expected Ratings*

Class	Amount (m)	Final Maturity	Rating	CE (%)
A	1,609.0	Oct 2037	AAA	7.05
B	62.1	Oct 2037	A+	3.40
C	15.3	Oct 2037	BBB+	2.50
D	13.6	Oct 2037	BB+	1.70
E	28.9	Oct 2037	NR	n.a.

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* Expected ratings do not reflect final ratings and are subject to final documentation.

Summary

This transaction is a securitisation of first ranking residential mortgage loans originated in, and secured on property in, Spain. Fitch Ratings has assigned expected ratings to the Class A, B, C and D notes ("the notes") to be issued by Bancaja 8, Fondo de Titulización de Activos ("Bancaja 8" or "the fund") as indicated at left.

At closing, Bancaja 8 will issue the notes backed by a EUR1,700 million portfolio of residential mortgage loans ("the collateral") originated by Caja de Ahorros de Valencia, Castellón, y Alicante ("Bancaja" or "the seller" rated 'A+/F1'). Bancaja 8 will be regulated by Spanish Securitisation Law 19/1992 and Royal Decree 926/1998. Its sole purpose is to convert the mortgage certificates *(Certificados de Transmisión de Hipoteca, or* "CTH"*)* acquired from the seller into fixed-income securities. The certificates will be subscribed by Europea de Titulización S.A. S.G.F.T. ("the Sociedad Gestora"), whose activities will be limited to the management of the asset-backed notes, on behalf of Bancaja 8.

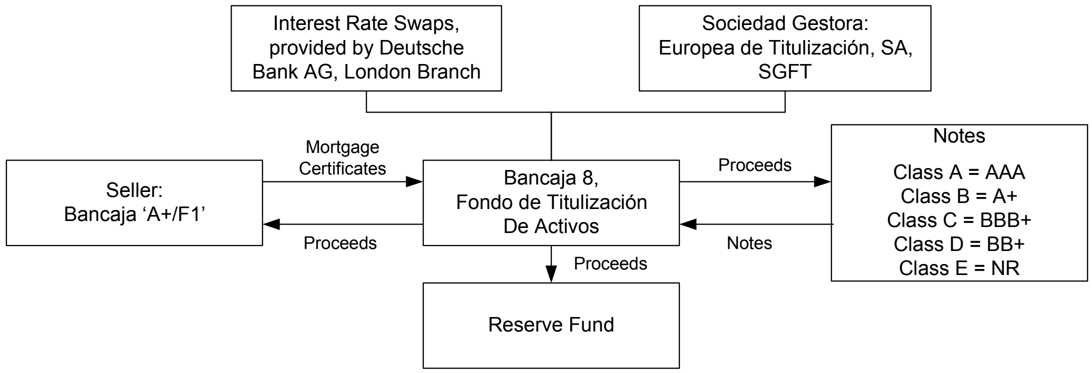
To verify credit enhancement ("CE") for each class of notes, Fitch analysed the collateral using a loan-by-loan mortgage default model specific to Spain. The agency also modelled the cash flow contribution from excess spread using the stress scenarios determined by its default model. The cash flow test showed that each class of notes could withstand loan losses at a level corresponding to the related stress scenario according to the terms and conditions of the transaction (subject to a deferral trigger for the Class B, C and D notes).

The expected ratings are based on the quality of the collateral, the underwriting and servicing of the mortgage loans, available CE and the sound legal and financial structure. Initial CE, provided by the subordinated tranches and a Reserve Fund, will total 7.05%, 3.40% and 2.50% for the class A, B and C notes respectively. Initial CE for the class D notes will total 1.70%, provided by the Reserve Fund.

Credit Committee Highlights

- Repeat issuer and established underwriter. Bancaja is one of the most experienced issuers in Spain.
- The interest rate hedging mechanisms in place mitigate the risk of any mismatch between the mortgages' indices, mostly 12-month EURIBOR (European Interbank Offered Rate), and the notes, indexed to three-month EURIBOR (please see *Swap Agreements*).
- Bancaja may renegotiate the margins on the loans in the portfolio until the weighted average ("WA") margin of the portfolio reaches 0.70%. In the event the WA margin of the pool reaches 0.70%, Bancaja will pay the difference between the original and new margin of each renegotiated loan. This

Structure Diagram



Source: Transaction documents

feature has been taken into consideration in Fitch's cash flow analysis for each rating scenario.

- Bancaja has previously originated mortgages for several RMBS transactions that share similarities with Bancaja 8 (i.e. Bancaja 3, 4, 5, 6 and 7). The provisional pool of Bancaja 8 has a WA seasoning of 10.9 months, one of the lowest seen in recent Spanish RMBS deals.

Bancaja 6, 7 & 8 Comparison Table

	Bancaja 8	Bancaja 7	Bancaja 6
WA Original LTV (%)	78.1	71.2	84.4
WA Current LTV (%)	75.5	67.2	78.4
Guaranteed Excess Spread (bps)	N/A	55	55
Concentration in Region of Valencia (%)	38.7	48.4	59.4
WA Seasoning (Months)	10.9	15.2	24.4

Source: Fitch

■ Financial Structure

All the notes will pay interest quarterly in arrears based on three-month EURIBOR plus a margin. Bancaja will act as the paying agent, and servicer of the collateral.

Amounts received on the mortgages will be transferred by Bancaja into the fund's Treasury Account seven days after collection, or, if deemed necessary by the Sociedad Gestora, earlier. Amounts standing to the credit of the Treasury Account will receive a guaranteed interest rate equal to three-month EURIBOR. In the event Bancaja is downgraded below 'F1', the Sociedad Gestora will implement one of the following actions within 10 working days:

1. appoint a counterparty rated at least 'F1' to guarantee Bancaja's obligations under the Treasury Account agreement;
2. transfer the Treasury Account to a counterparty rated at least 'F1'; or
3. if unable to effect either of the above, it will pledge assets with a rating equal to the Kingdom of Spain ('AAA/F1+'); or
4. if none of the previous options were achievable, it will invest the existing funds in the Treasury Account in fixed rate, EUR-denominated notes rated at least 'F1' with a maximum maturity of the next payment date on the notes.

Servicing of the Securitised Portfolio

The mortgages will continue to be serviced by Bancaja in its role as servicer.

Royal Decree 685/82, which governs the issuance of the CTH that will be subscribed by Bancaja 8, indicates that the issuer of the mortgage certificates must service the mortgage loans (which in turn back the notes), and does not envisage the possibility of replacing the CTH's issuer as the servicer of such loans.

Priority of Payments ("Waterfall")

Prior to enforcement, portfolio income will be allocated according to the following priority of payments on each payment date:

1. senior fees and expenses;
2. payments due under the interest rate swap agreements (see *Swap Agreements*);
3. interest due on the class A notes;
4. interest due on the class B notes, unless deferred;
5. interest due on the class C notes, unless deferred;
6. interest due on the class D notes, unless deferred;

Key Information

Provisional Portfolio Characteristics

Total Amount at Closing: EUR1,748 million as of 31 March 2005 (from which EUR1,700m will be selected at closing)

WA Original LTV: 78.1%

WA Current LTV: 75.5%

WA Indexed Current LTV: 73.8%

WA Remaining Maturity: 25.9 Years

WA Seasoning: 10.9 Months

Concentration in Valencia: 38.72%

Structure

Originator and Seller: Caja de Ahorros de Valencia, Castellón, y Alicante ("Bancaja", 'A+/F1')

Servicer: Bancaja

Fund: Bancaja 8, Fondo de Titulización de Activos ("Bancaja 8")

Sociedad Gestora: Europea de Titulización, S.A., S.G.F.T. ("the Sociedad Gestora")

Swap Counterparty: Deutsche Bank AG London Branch ('AA-/F1+')

Final Legal Maturity: October 2037

7. principal on the A, B, C and D notes in order of seniority (see *Principal Redemption)*;
8. interest due on the class E notes;
9. replenishment of the Reserve Fund (see *Reserve Fund*);
10. principal due on the class E notes; and
11. subordinated amounts including interest and principal due on the start-up loan granted by the seller to the fund at closing.

Interest due on the class B notes will be deferred if the Amortisation Deficit (see below) exceeds the sum of: i) 50% of the initial balance of the B notes, plus ii) 100% of the initial balance of the C notes, plus iii) 100% of the initial balance of the D notes. Similarly, interest due on the class C notes will be deferred if the Amortisation Deficit exceeds the sum of: i) 50% of the initial balance of the C notes, plus ii) 100% of the initial balance of the D notes, and interest due on the class D notes will be deferred if the Amortisation Deficit exceeds 50% of the initial balance of the D notes.

The Amortisation Deficit is the difference between the Scheduled Funds for Amortisation, defined as the difference between the outstanding balance of the notes and non-defaulted collateral (i.e. performing and loans delinquent for up to 18 months), and Available Funds for Amortisation. The latter includes the sum of principal and interest payments received on the collateral since the last note payment date, the balance of the Reserve Fund, any yield generated by the Treasury Account and any amount received from the swap counterparty if applicable.

Principal Redemption

The Scheduled Funds for Amortisation will be initially allocated to redeem the class A notes until fully amortised, subject to the *pro rata* amortisation rules described below. Following a breach of these regulations, the A notes will amortise *pro rata* with the other outstanding notes.

The B, C and D notes will be redeemed sequentially only after class A notes have been repaid in full, subject to the redemption rules detailed below. This means that only when the B notes are fully amortised will redemption of the C notes commence. In turn, only when the C notes are fully amortised will redemption of the D notes commence. Legal final maturity for the notes will be October 2037, which is three years after the final scheduled maturity date of any loan in the collateral, to ensure that collections on the mortgages are sufficient to redeem the obligations of the fund in respect of any defaulted loans.

Other Redemption Rules

The following redemption rules also apply:

- The B, C and D notes will be redeemed *pro rata* with the A notes if: a) the principal outstanding balances of the B, C and D notes as a percentage of the aggregate principal amount outstanding on the notes is equal to or greater than 7.3%, 1.8% and 1.6% respectively (double that at closing); and b) the outstanding balance of mortgages more than three months in arrears is less than 1.25%, 1.0% and 0.75% of the then outstanding balance of the B, C and D notes respectively. Any amortisation of the B, C and D notes will be capped until their balances reach 7.3%, 1.8% and 1.6% of the outstanding balance of the notes.

- The class B, C and D notes can be redeemed *pro rata* only if: a) the Reserve Fund is at its required level; and b) the outstanding balance of mortgage loans is greater than 10% of the notes issued.

- All the notes are subject to a clean-up call when less than 10% of the initial collateral remains outstanding.

Swap Agreements

The fund will enter into two interest rate hedging agreements with Deutsche Bank AG London Branch ("the swap counterparty", rated 'AA-/F1+') to hedge the basis risks on the different reference indices for the collateral (e.g. 12-month EURIBOR) versus the three-month EURIBOR payable on the notes.

Under the swap agreements, the fund will pay the swap counterparty WA 12-month EURIBOR taking into account the distribution of annual and semi-annual re-set dates on the collateral as of the closing date, and it will receive three-month EURIBOR over a notional, defined as the balance of the performing and delinquent collateral less than 18 months in arrears.

Although the swap agreements will mitigate the basis risk on the collateral, they will not guarantee a minimum excess spread to the fund during the life of the transaction. Therefore, any risk of margin compression on the collateral will be assumed by the fund. If the swap counterparty is downgraded below 'A/F1', it will, within 30 days, effect one of the following:

- find a replacement counterparty with ratings of at least 'A/F1';
- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreements; or
- cash- or security-collateralise its obligations in an amount satisfactory to existing Fitch criteria.

Credit Enhancement

Initial CE, provided by subordination and a Reserve Fund, for the class A notes totals 7.05%, class B 3.40%, class C 2.50% and class D 1.70%.

Reserve Fund

A Reserve Fund will be created at closing using the proceeds of the class E issuance, equivalent to 1.70% of the original note balance. The class E notes will be totally subscribed by Bancaja, and the proceeds credited to the Treasury Account.

Subject to the following conditions, the Reserve Fund will be permitted to amortise to the lesser of: a) 1.70% of the initial note balance; or b) the greater of i) 3.40% of the then-outstanding note balance and ii) 0.85% of the initial note balance, providing:

- the balance of loans more than 90 days in arrears remains below 1.0% of the outstanding mortgage balance;
- on the previous payment date, the Reserve Fund was replenished to its required amount; and
- more than three years has passed since the closing date.

Representations and Warranties

The seller will provide representations and warranties in relation to the collateral, among which:

- each mortgage loan is registered in the relevant property registry and represents a first-ranking claim on the corresponding property;
- the seller has full right and title to, and the power to sell and transfer, the mortgages;
- the seller is unaware that any of the underlying properties have been subject to a reduction in value of more than a 20% since acquisition;
- all properties are located in Spain;
- none of the mortgage loans will be more than 30 days delinquent at closing; and
- all properties have undergone a valuation process, as required by law.

No search of title will be conducted by the fund or other transaction parties; rather, they will rely on the representations and warranties mentioned above provided by Bancaja. Following an irremediable breach of any of the representations or warranties, Bancaja will replace or repurchase the loan(s) in question.

Legal Structure

At closing, the mortgage loans will be transferred by the seller to the Sociedad Gestora on behalf of the fund. The Sociedad Gestora is a special-purpose company with limited liability incorporated under the laws of Spain. Its activities are limited to the management of asset-backed notes.

Provisional Collateral

As of 31 March 2005, the reference portfolio consisted of 15,259 mortgage loans originated by Bancaja in the normal course of its business. All were first-ranking and secured by residential properties in Spain. Security for the loans took the form of mortgages registered in the *Registro de la Propiedad* (the official register).

The portfolio's original WA LTV (loan-to-value) is calculated at 78.1%, with a WA current LTV of 75.5%. In its recovery calculations, Fitch used an indexed valuation of the underlying properties using regional residential indices and giving 50% credit to increases in property prices; the WA indexed current LTV of the pool is 73.8%. The percentage of loans concentrated in the above-90% original LTV bucket is 21.2% of the pool.

The WA seasoning is 10.9 months and the WA current remaining maturity is almost 26 years. All the collateral pays a floating rate, linked to 12-month EURIBOR or MIBOR. At closing, none of the mortgage loans will be in arrears by more than one month. ,The transaction documents indicate that, according to Bancaja's databases, the mortgage loans included in the provisional pool have been granted for the purpose of acquiring, refurbishing or building a residential property.

Origination and Servicing

As part of its analysis, Fitch has reviewed and analysed Bancaja's origination and servicing guidelines. It visited Bancaja's premises and met the originator and servicer managers responsible for the mortgage loan department.

Bancaja is the parent bank of Spain's sixth largest banking group and the third largest savings bank (by total assets at end-2003). For historical reasons, a large proportion of Bancaja's business is generated in Valencia, which is reflected in the 38.72% exposure to the region in the portfolio.

Credit analysis is based on a behavioural credit scoring system Bancaja began developing 10 years ago. The analysis focuses on the ability of the borrower to honour their debt payments in a timely fashion based on stresses of monthly instalments.

Information analysed includes debt-to-income ratios ("DTI" — a maximum of 45% is allowed), data from CIRBE (a Bank of Spain database that gathers information on borrower exposure and non-payments from all Spanish entities and individuals) and Experian or RAI (*Registro Aceptación Impagados*) in addition to other credit parameters on the applicant's financial stability. For self employed applicants, the credit limit is based on the tax declaration presented to the tax authority. The scoring assigns a minimal weighting to other sources of income declared by the applicant.

The majority of the properties are valued by TINSA, Tasaciones Inmobiliarias S.A., Spain's largest valuation company, which is registered with and regulated by the Bank of Spain.

Arrears Management

Mortgages in arrears are managed by the branches for the first 90 days, and subsequently the risk department. A number of letters, automatically originated by the bank's system, are sent and calls made, their frequency and content depending on the level of exposure to the borrower. Documentation and procedures required for the foreclosure process are prepared as soon as is deemed necessary (even before 90 days of delinquency) to enable lawyers to start proceedings within 24 hours of a decision to do so.

Bancaja is in the process of setting up a joint venture with SERCRESA, a third party servicer, which will conduct the arrears management between 30 and 120 days in arrears. SERCRESA will be paid on a success fee basis and such payments will be borne by the branch that originated each delinquent loan.

Typically, 52% of loans overdue for up to 60 days are resolved before they reach 90 days in arrears, and only 3% will go into foreclosure. As a last resort and if the central office decides to do so, Bancaja will renegotiate the repayment of amounts in arrears. Defaulted loans, i.e. those over 90 days in arrears, are seldom renegotiated

On average, such court proceedings tend to begin after four to six months and take around 10 to 12 months.

■ Credit Analysis

Fitch analysed the collateral for the Bancaja 8 transaction by subjecting the mortgage loans to stresses resulting from its assessments of historical home price movements and defaults in Spain. The analysis is based on the probability of default and expected recoveries based on the portfolio's individual loans *(see Appendix 1)*.

Default Probability

Generally, the two key determinants of default probability are the willingness and ability of a borrower to make their mortgage payments. Willingness to pay is usually measured by LTV. Fitch assumed higher default probabilities for high-LTV loans and lower default probabilities for low-LTV loans. The basis for this is that, in a severe negative equity situation, borrowers in financial

Provisional Portfolio Summary

Pool Characteristics	
Current Principal Balance (EURm)	1,748
Average Current Loan per Borrower (EUR)	114,586
Average Original Loan per Borrower (EUR)	120,357
Oldest Loan in Portfolio	Feb 1994
Most Recent Loan in Portfolio	Sep 2004
Interest Rate Type	
Floating Rate Loans (%)	100
WA Interest (%)	3.3
Interest Index	EURIBOR, MIBOR
Payments	
Payment Method	Direct Debit
Loans <30 Days in Arrears (%)	100
Regional Concentration (%)	
Region of Valencia	38.72
Region of Catalunya	13.23
Madrid	14.36
Lien Position (%)	
First-Ranking	100.0

Source: Fitch

distress but with equity in their homes (low-LTV loans) have an incentive to sell and maintain/protect their equity, thereby eliminating the need for the lender to repossess the property.

Ability to pay is usually measured by the mortgage payment to the borrower's net income. Not all this information was available on a loan-by-loan basis for Bancaja 8 (around 60% of the pool). However, ability to pay is a strong focus for Bancaja, which has comparatively strict origination guidelines that cap DTIs at a maximum of 45%. The WA calculated DTI for the Bancaja 8 pool falls within Fitch's Class 3 (around 32.0%)

Fitch takes into consideration the specific characteristics of the product in its default probability analysis. The LTV based on the original balance of the initial drawdown is used as the main measure of a borrower's willingness to pay.

The securitised pool has a geographical concentration in the Comunidad of Valencia, with over 38.72% of mortgages originated in this region.

Recovery Proceeds

To estimate recoveries on the mortgage loans, Fitch examined house price movements in Spain on a regional basis from 1987-2001. The agency found significant differences, most notably between Madrid, Cataluña and País Vasco, and the other regions in Spain; cities in these three regions have experienced higher price increases than elsewhere in Spain. Based on its analysis of the real estate market, Fitch assumed slightly higher market value declines ("MVDs") for certain regions as well as for some large urban areas.

To derive MVDs for the respective stress scenarios, Fitch then compared the characteristics of the Spanish real estate market with others in Europe. As with its other European mortgage default models, the agency has increased MVDs for higher-value properties. These are generally subject to greater declines in a deteriorating market than homes with average or below-average market values because of limited demand for them. Approximately 27% of the provisional pool is considered by Fitch to be secured on high-value ('jumbo') properties.

When calculating recovery values, the agency's model reduces each property's worth by the MVD, external foreclosure expenses and the cost to the servicer of carrying the loan from delinquency through to default. This depends on the time to foreclosure as well as the applied interest rate, which Fitch assumes to be 10%. Although Bancaja currently reports a recovery period of 18 months, Fitch assumes a time to foreclosure of three years.

Cash Flow Analysis

To evaluate the contribution of structural elements such as excess spread, the Reserve Fund and other factors, Fitch modelled the cash flows from the mortgages based on the WA recovery rate and WA frequency of foreclosure provided by the loan-by-loan collateral analysis. Recoveries included both interest and principal.

The cash flow model assumes that defaults are spread over the first five years following origination, starting straight after closing. The analysis simulates the cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance. Excess spread, the Reserve Fund and principal must be sufficient to cover the cost of carry until recoveries are received after 36 months. Variable interest rates are stressed upwards over time; however, the effect of the latter is limited because of the swaps.

Margin Compression

Bancaja may renegotiate the margins on the loans in the portfolio. At closing, the calculated WA margin on the portfolio will be around 0.96%. Bancaja will pay the difference between the original and new margin of each renegotiated loan once the WA margin of the portfolio reaches 0.70%.

Also, in stressed scenarios, the fund may use margin proceeds from performing loans to make the payments to the swap counterparty under the terms of the swap agreements (see *Interest Rate Risk* above).

Such features have been taken into consideration in Fitch's cash flow analysis for each rating scenario.

The cash flow analysis assumes a high level of annual prepayments on the mortgages, being of 25%, 22%, 19% and 16% under 'AAA', 'A+', 'BBB+' and 'BB+' scenarios respectively.

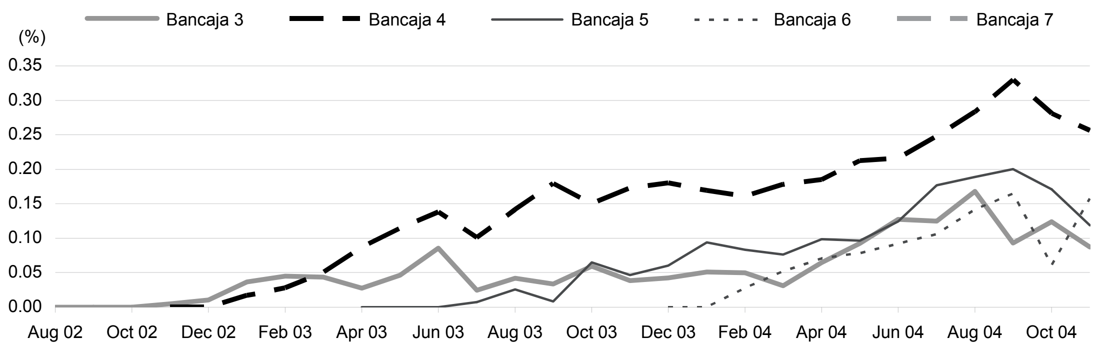
The credit enhancement levels reflect the severest stress assumptions under the terms and conditions of the transaction.

■ Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance surveillance team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

The ratings of the notes issued by Bancaja 3, 4 and 5 were affirmed in October 2004, and Bancaja 6 in December 2004.

90+ Days in Arrears



Source: Fitch

Bancaja 4 is experiencing higher delinquencies than the other transactions, however, arrears throughout all the transactions remain really low as a percentage of the outstanding balance. All the transactions have guaranteed excess spread of between 50-60 bps per annum. The structure of Bancaja 6 means that no principal receipts will be paid to the class A1 noteholders until 20 May 2004. Until this date, all principal receipts are paid into an amortisation fund. As a result, credit enhancement levels will remain static.

Details of the transactions' performance are available to subscribers at www.fitchresearch.com. Further information on this service is accessible at www.fitchratings.com.

Appendix I: Rating Methodology

To determine appropriate levels of credit enhancement, Fitch analyses the collateral for Spanish residential transactions using a loan-by-loan mortgage default model. The model subjects the mortgage loans to stresses resulting from its assessments of historical house price movements and defaults. Fitch's study showed that the LTV, reflecting the size of the borrower's down payment, and the borrower's income multiple (original loan advanced divided by income) are the primary indicators of default risk in Spain. Fitch also modelled the cash flow contribution from excess interest using stress scenarios determined by its default model. The cash flow test showed that each class of rated notes, taking available credit enhancement into account, can withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall.

Default Probability

Generally, the two key determinants of default probability are the borrower's willingness and ability to make the mortgage payments. The willingness of a borrower to pay is usually measured by the LTV. Fitch's model assumes higher default probabilities for high LTV loans and lower default probabilities for low LTV loans. The main reason is that in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low LTV loans) have an incentive to sell and maintain/protect their equity, eliminating the need for the lender to repossess the property.

The ability to pay is usually measured by the borrower's net income in relation to the mortgage payment. Historical data available for Spain show low levels of default. Base default probabilities are determined using a matrix which considers each loan's affordability factor and LTV. The matrix classifies affordability into five classes, the lowest of which (Class 1) encompasses loans with debt-to-income ratios (DTI) of less than 20% and the highest of which (Class 5) encompasses all loans with DTIs exceeding 50%. The average DTI for the mortgage market in Spain is c. 27%-33%.

Adjustments

Fitch adjusts the base default rates on a loan-by-loan basis to account for individual loan characteristics of the collateral across all rating levels.

- **Product Type:** Fitch increases default probability assumptions by 0%-10% for the index volatility experienced by variable-rate mortgage holders.
- **Repayment Type:** Fitch will increase base default rates by 5%-10% for loans to be paid by *cuota creciente*, whereby the amortisation of capital is always the same and the interest payment is increasing.
- **Loan Purpose:** Fitch believes that a financially distressed borrower is more likely to default on a second home or investment property than on a primary residence. Accordingly, Fitch will double the base default rates in both cases. If the purpose of the loan is not to acquire a property in Spain, Fitch will increase the default probability by 50%-100%.
- **Borrower Profile:** Fitch increases default probability on loans to self-employed borrowers by 33%-50% to account for their lack of fixed annual salary.
- **Arrears Status:** when rating portfolios combining current and arrears mortgages, Fitch increases base default rates for mortgages in arrears by 1-30, 31-60, and 61-90 days by 10%, 35% and 70% respectively, and mortgages over 91 days in arrears (non-performing status) by 100%.
- **Underwriting Quality:** Fitch's review and analysis of the origination process determines whether Fitch decreases default rates by up to 25% or increases them by 0%-200%.

Loss Severity

To estimate loss severity on the mortgage loans in Spain, Fitch examined house price movements in Spain on a regional basis from 1987–2001. Fitch found significant differences in price development among the regions, mainly between the regions of Madrid, Catalonia, the Basque Country, and the rest of the regions in Spain. The cities of these regions have experienced higher price increases than other cities in Spain. As in most other countries, rural areas tend to develop on a more stable basis. Based on its analysis of the real estate market, Fitch assumed slightly higher market value declines for certain regions and for some large urban areas.

To derive market value declines for the respective stress scenarios, Fitch then compared the characteristics of the Spanish real estate market with markets in other European countries. As with its other European mortgage default models, Fitch has increased market value declines for higher value properties. These properties are generally subject to larger market value declines in a deteriorating market than homes with average or below-average market values due to limited demand for such properties.

When calculating recovery value, Fitch's model reduces each property value by the market value decline, external foreclosure expenses, and the cost to the servicer of carrying the loan from delinquency through default. For Spain, Fitch assumes external foreclosure costs represent 10% of the loan's balance at the time of default. Loss severity also incorporates the fact that the length of time of the foreclosure process might be longer than the actual one in a recession period. To calculate carrying costs, Fitch uses a worst-case scenario analysis, one that assumes the borrower does not pay any interest and the collateral is not realised for a period of three years.

Excess Spread

Excess spread represents the monetary difference between the income received by the issuer from the borrowers and the interest on the notes and other expenses paid by the issuer. Any Reserve Fund will be replenished from available excess spread, if it is drawn. The actual value of excess spread depends on levels of delinquencies, defaults, and prepayments, as well as the weighted average interest rate of the reference mortgage portfolio throughout the life of a transaction.

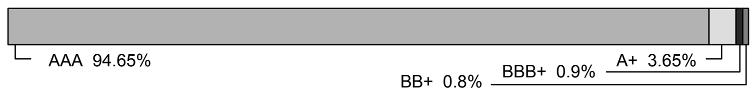
Appendix II: Summary

Bancaja 8, Fondo de Titulización de Activos — RMBS/Spain

Capital Structure

Class	Rating	Size (%)	Size (EURm)	Credit Enhancement (%)	Spread (Expected, %)	I/P PMT Freq	Maturity	Coupon
A1	AAA	94.65	1,609.0	7.05	TBD	Quarterly	Oct 2037	3 month EURIBOR + spread
B	A+	3.65	62.1	3.40	TBD	Quarterly	Oct 2037	3 month EURIBOR + spread
C	BBB+	0.90	15.3	2.50	TBD	Quarterly	Oct 2037	3 month EURIBOR + spread
D	BB+	0.80	13.6	1.70	TBD	Quarterly	Oct 2037	3 month EURIBOR + spread
E	NR	1.70	28.9	n.a.	TBD	Quarterly	Oct 2037	3 month EURIBOR + spread

	Size (%)	Size (EURm)
Initial Reserve Fund	1.70	28.9



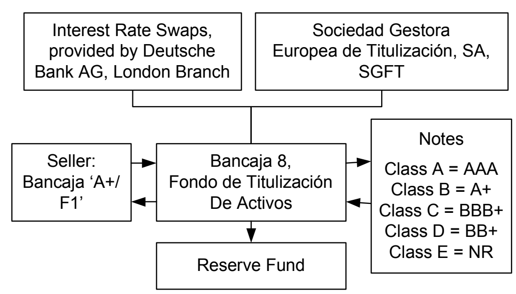
Key Information

		Role	Party (Trigger)
Expected Closing Date	21 April 2005		
Country of Assets	Spain	**Seller/Originator**	Bancaja
Structure	Sequential/pass through; pro rata under certain conditions	**Structurer**	Europea de Titulización SA, SGFT
Type of assets	Residential mortgages	**Issuer**	Bancaja 8, FTA
Currency of assets	EUR	**Lead Manager**	Bancaja, Deutsche Bank, CALYON, JP Morgan
Currency of notes	EUR	**Trustee**	Europea de Titulización SA, SGFT
Primary Analyst	gustavo.celi@fitchratings.com	**Swap provider**	Deutsche Bank AG London Branch (A/F1)
Secondary Analyst	juan.garcia@fitchratings.com	**Financial agent**	Bancaja (F1)
Performance Analyst	sf_surveillance@fitchratings.com		

Fitch Default Model Outputs

Rating Level	AAA	A	BBB	BB
WAFF (%)	15.2	9.1	6.1	3.0
WARR (%)	61.2	72.4	76.3	80.1
WALS (%)	53.8	42.6	38.7	34.9
WAMVD (%)	42.5	33.6	30.3	27.1

Simplified Structure Diagram



Source: Transaction documents

Collateral

Pool Characteristics

Current Principal Balance (EUR)	1,748,468,443	**Regional Concentration (%)**	
Average Current Loan per Borrower (EUR)	114,586	Region of Valencia	38.72
Average Original Loan per Borrower (EUR)	120,357	Region of Catalunya	13.23
Number of Loans	15,259	Madrid	14.36
WA Seasoning (Months)	10.9		
Oldest Loan in Portfolio	Feb 1994	**Mortgage Characteristics (%)**	
Most Recent Loan in Portfolio	Sep 2004	First Ranking	100.0
< 30 Days in Arrears (%)	100.0	Second homes	0.0
Interest Rate Type (%)		**Loan to Value (LTV) (%)**	
Variable	100.0	WA Original LTV	78.1
Fixed	0.0	WA Indexed Current LTV	73.8
WA Interest	3.3	WA Current LTV	75.5
Interest Index	EURIBOR, MIBOR		

Source:Fitch