RURAL HIPOTECARIO V, F.T.A

Multi-originator 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
October 2003

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity	Maturity Expected
A1	(P)**Aaa**	€[566,800,000]	81.55	15/03/35	15/03/32
A2	(P)**Aaa**	€[100,000,000]	14.40	15/03/35	15/03/32
B	(P)**A2**	€[18,800,000]	2.70	15/03/35	15/03/32
C	(P)**Baa3**	€[9,400,000]	1.35	15/03/35	15/03/32
Total		€[695,000,000]	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, and not at any other expected 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

- The experience of Europea de Titulización as *gestora* and the supporting guarantee of the *gestora* obligations by all of its shareholders
- Credit enhancement provided through spread, reserve fund and subordination of the notes
- Reserve fund, fully funded upfront, available to cover potential shortfall in interest and principal
- Excess spread trapping through 18 months "artificial write-off" mechanism
- Collateral quality given the geographical diversification and seasoning
- Weekly sweeping from the collection accounts to the Guaranteed Interest Account (GIC)
- 100% of the loans are secured by residential mortgages
- 100% of the loans are paid by direct debit

Weaknesses and Mitigants

- Transaction not protected with swap, although the reserve fund has been sized accordingly
- Non-rated originators
- Around 7.25% of the portfolio includes loans with high LTV (LTVs over 80%)
- Missing Debt-to-Income ratio; however a penalty was accordingly applied when calculating the credit enhancement
- Pro-rata amortisation of the notes leads to reduced credit enhancement of senior classes in absolute terms. This is mitigated by strict triggers that terminate the pro-rata amortisation of the notes as the performance of the transaction deteriorates.

STRUCTURE SUMMARY

Issuer:	Rural Hipotecario V Fondo de Titulización de Activos
Structure Type:	Spanish Fondo de Titulización de Activos
Seller/Originator:	Caixa Rural de Balear S.C.C, Caja Rural Aragón y de los Pirineos S.C.C, Caja Rural de Aragonesa S.C.C, Caja Rural de Burgos S.C.C, Caja Rural de Navarra S.C.C, Caja Rural de Tenerife S.C.C, Caja Rural de Teruel S.C.C, Caja Rural de Toledo S.C.C, Caja Rural del Duero S.C.C, Caja Rural del Mediterraneo S.C.C, Caja Rural del Sur S.C.C, Caja Rural Intermediterranea S.C.C, Caja Rural S. Vicente Ferrer de Vall de Uxo, S.C.C
Servicer:	Caixa Rural de Balear S.C.C, Caja Rural Aragón y de los Pirineos S.C.C, Caja Rural de Aragonesa S.C.C, Caja Rural de Burgos S.C.C, Caja Rural de Navarra S.C.C, Caja Rural de Tenerife S.C.C, Caja Rural de Teruel S.C.C, Caja Rural de Toledo S.C.C, Caja Rural del Duero S.C.C, Caja Rural del Mediterraneo S.C.C, Caja Rural del Sur S.C.C, Caja Rural Intermediterranea S.C.C, Caja Rural S. Vicente Ferrer de Vall de Uxo, S.C.C
Interest Payments:	Quarterly on March 15, June 15, September 15, and December 15
Principal Payments:	Pass-through on a quarterly basis
Credit Enhancement/Reserves:	Transaction spread
	Reserve fund
	Subordination of the notes
Principal Paying Agent:	Banco Cooperativo Español (**A2**/**P-1**)
Management Company:	Europea de Titulización S.G.F.T, S.A
Underwriters:	Banco Cooperativo Español, Crédit Agricole Indosuez, DZ Bank and Sociéte Générale
Arranger/Lead Manager:	Banco Cooperativo Español, Crédit Agricole Indosuez, DZ Bank and Sociéte Générale

PROVISONAL COLLATERAL SUMMARY (6-OCTOBER-2003)

Collateral:	First lien mortgages on residential properties
Number of Contracts:	10,940
Number of Borrowers:	10,940
Geographic Diversity:	Andalucia (15%), Valencia (14%), Aragon (13%)
Weighted Average LTV:	62.83%
WA Remaining Term:	246.40 months
WA Seasoning:	20.20 months
Delinquency Status:	No loans more than 30 days at closing date
WA Interest Rate:	3.58%
Interest Basis:	Floating (100%)
Highest Exposure:	€295,064
Average Loan:	€68,497

Structural and Legal Aspects

Cajas Rural fifth issuance

This transaction marks the Cajas Rural fifth issuance in Spain. As in previous Rural transactions, this deal has been originated with mortgages from small credit co-operatives whose main activities comprise lending to the agricultural sector. Originally, the Rural group's main activity focused on covering the needs of the agricultural sector. However, the development and the expansion of the financial sector due to the growth of the Spanish economy and low interest rates has facilitated the group to grow beyond its initial client base.

The transaction consists of three rated tranches and a reserve fund: a senior tranche split into two classes; a planned amortisation class for an amount equal to €[100,000,000] and a companion class equal to €[566,800,000] both rated (P)**Aaa**; a mezzanine tranche and a subordinated tranche for amounts equal to €[18,800,000] and €[9,400,000], respectively. The reserve fund is fully funded by the originators at the closing date.

Traditional Mortgages with a small portion of high LTV loans

The product being securitised consists of first lien mortgage loans granted to individual, residents in Spain, who will use these loans to acquire or refurbish a primary residence (only 4% of the loans are granted to acquired second homes). Around 7.25% of the portfolios have loans with LTVs over 80%.

Borrower payments swept into Banco Cooperativo Español GIC account every week

All of the payments under the loans in the mortgage portfolio are collected by the originators under a direct debit scheme and are paid directly into each originator collection accounts. Cash in the collection accounts must be transferred by the originators to the issuer's Guaranteed Interest Contract (GIC) account held by Banco Cooperativo Español (**A2**/**P-1**) on a Weekly basis.

Should Banco Cooperativo España loose its **P-1** short-term rating, the management company will have the following alternatives:

- To transfer the fund's treasury account to an institution whose rating is **P-1**.
- To obtain a **P-1** rated entity to guarantee the fund

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 originators for an amount of [2.30%] of the initial balance of the notes, it will be held in the GIC Account. The reserve fund will be used to protect the Class A1, A2, B and C bonds against interest and principal shortfall on an ongoing basis. The reserve fund may be amortised over the life of the transaction so that it amounts to the lesser of the following amounts:

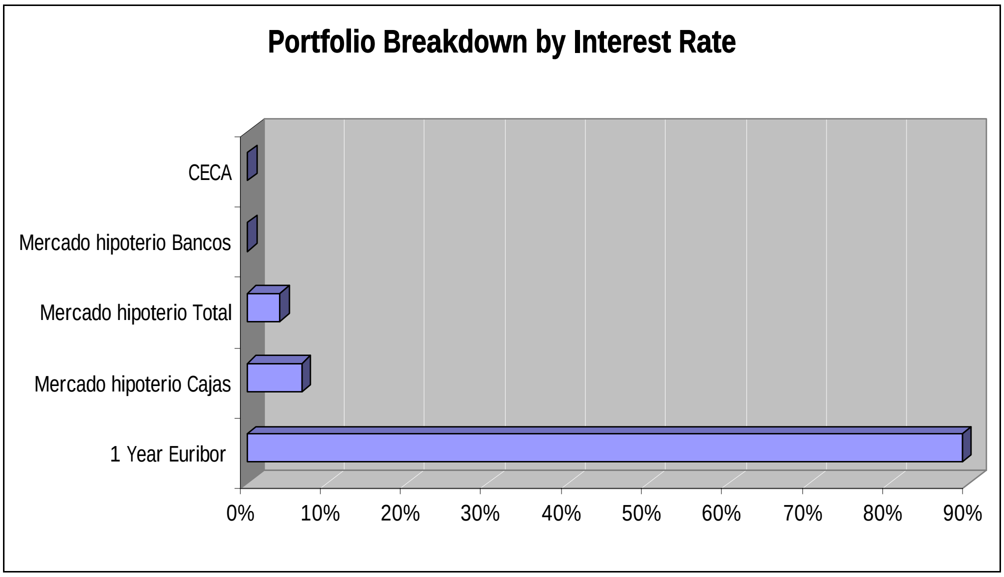
1. [2.30%] of the initial balance of the notes
2. The higher of the following amounts:
    - [4.60%] of the outstanding notional balance of the notes
    - [1.15%] of the initial balance of the notes

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

- 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 weighted average interest rate under the loans is lower than the weighted average interest rate under the bonds plus [0.40%] spread
- The available amount under the reserve fund is not equal to the then required amount

Basis Risk is not protected by a Swap

The structure is exposed to interest rate risk. Interest payable on the class A1, B and C notes is 3 months Euribor (reset on a quarterly basis) and interest payable on the class A2 is the EIB interest rate, while most of the mortgage loans are linked to 12 months Euribor (reset on a yearly basis). Potential shortfalls due to this basis risk have been considered in Moody's analysis, and the reserve fund has been sized accordingly.



Class A1 and A2 amortisation

The **Aaa** tranche is split into two classes – an A2 class which is a planned amortisation class (PAC) and A1 class which is the companion class. The available funds for the **Aaa** tranche amortisation will be distributed between each class as follows:

- The A2 class will be amortized according to a pre-determined amortization schedule (as long as available funds are sufficient)
- The A1 class will be amortized by an amount equal to the remaining available funds (after deducting the funds that have been assigned to the amortization of the A2 tranche).

However:

- Should the outstanding balance of class A2 represent more than 25% of the total outstanding balance of the notes on any payment date, the available fund will be distributed to maintain the A2 class at a level of 25% of the outstanding principal balance or at the nearest lower percentage.
- Should the amount of loans more than 3 months and less than 18 months in arrears reach 2.00% of the outstanding principal balance of the portfolio on any payment date, the PAC will turn to pro-rata amortisation along with the companion class.

Class B and C amortisation

Class B and C will amortise pro-rata with class A1 and A2. 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:

- Class B Notes will start amortising pro rata with the class A1 and A2 notes when they represent [5.40]% of the outstanding balance under the class A1, A2, B and C notes.
- Class C Notes will start amortising pro rata with the class A1, A2 and B notes when they represent [2.70]% of the outstanding balance under class A1, A2, B and C notes.

However, the pro rata amortisation will cease if:

- The amount of loans more than 3 months and less than 18 months in arrears exceed 1.50% of the outstanding balance of the portfolio
- The available amount under the reserve fund is not equal to the then 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.

It is important to note that 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, and not at any other expected maturity date.

Allocation Payments

On each quarterly payment date, all available funds will be distributed in the following sequential order:

1. Cost and fees
2. Interest payment to Class A1 and A2 Notes
3. Interest payment to Class B Notes
4. Interest payments to Class C Notes
5. Principal payment to Class A1 and A2 Notes
6. Principal payment to Class B Notes
7. Principal payment to Class C Notes
8. Reserve fund Replenishment
9. Junior expenses

18 months "artificial write-off" mechanism

In fact, the transaction structure, for Class 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).

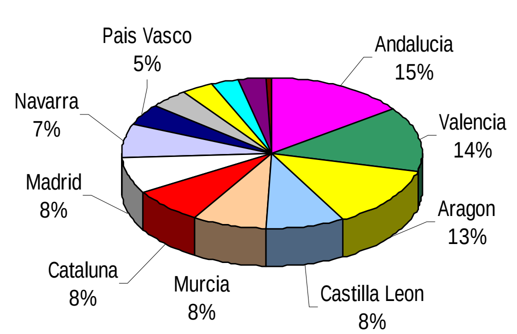
The "artificial write-off" speeds up the off-balance sheet of a non-performing loan; thus, the amount of notes collateralised by non-performing loans is minimised, and consequently the negative carry. However, the most important benefit for the transaction is that the amount of excess spread trapped in the structure is bigger (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.

COLLATERAL – REFERENCE PORTFOLIO

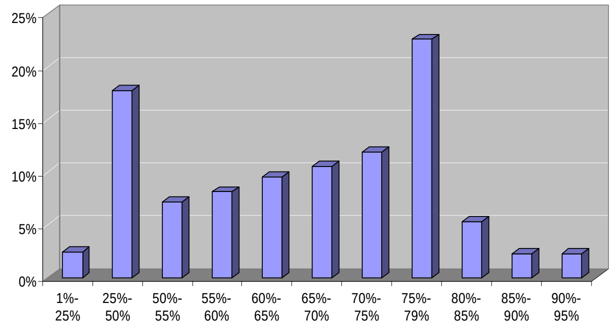
Similar quality of collateral to its predecessor; however this time Rural V introduces a small portion of loans with high LTVs

As of October, the portfolio comprised 10,940 loans, representing a provisional portfolio of €749,359,994. The loans have been granted in order to finance the purchase, building and renovation of residential homes located in Spain. The mortgages consist of first residence 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.

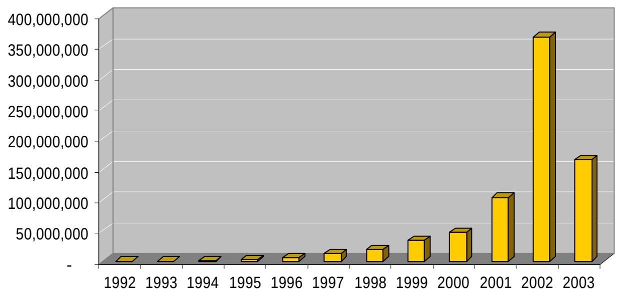
Portfolio Breakdown by Diversification



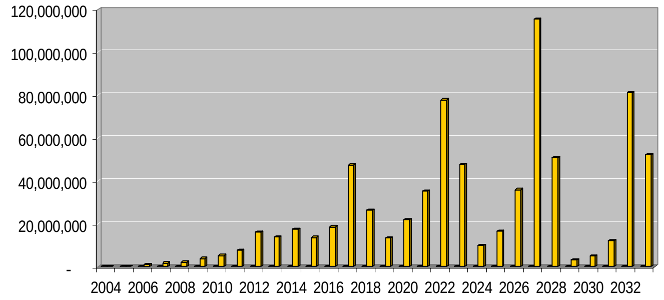
Portfolio Breakdown by LTV



Portfolio Breakdown by Year of Origination

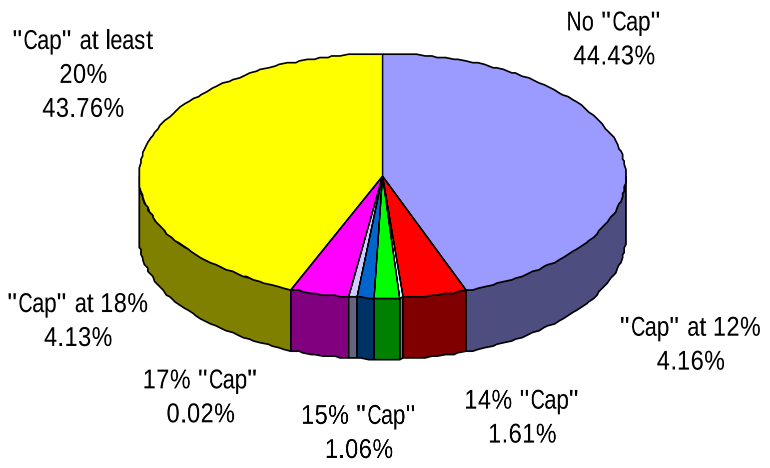


Portfolio Breakdown by Maturity



Geographically the portfolio is concentrated in Anadalucia (15%), Valencia (14%) and Aragon (13%). The current weighted average LTV is 62.83%. This time Rural V introduces 7.25% of the portfolio with high LTVs (over 80% LTV). It is worth mentioning that the introduction of loans with LTV levels over 80% is becoming increasingly common in the Spanish securitisation market. The average loan is €68,497, and the highest loan is €295,064. The loans are originated between 1992 and 2003 with a weighted average seasoning of 20.20 months. In the portfolio there are some loans which include Interest Rate “Caps” (see chart below).

Portfolio Breakdown by Interest Rate “CAPs”



Almost all the loans are paid through monthly instalments. Instalments are debited to accounts which are held by the debtors at the relevant originator. Moody’s views this feature as a positive characteristic since delinquencies are likely to be tracked more easily.

Renegotiations

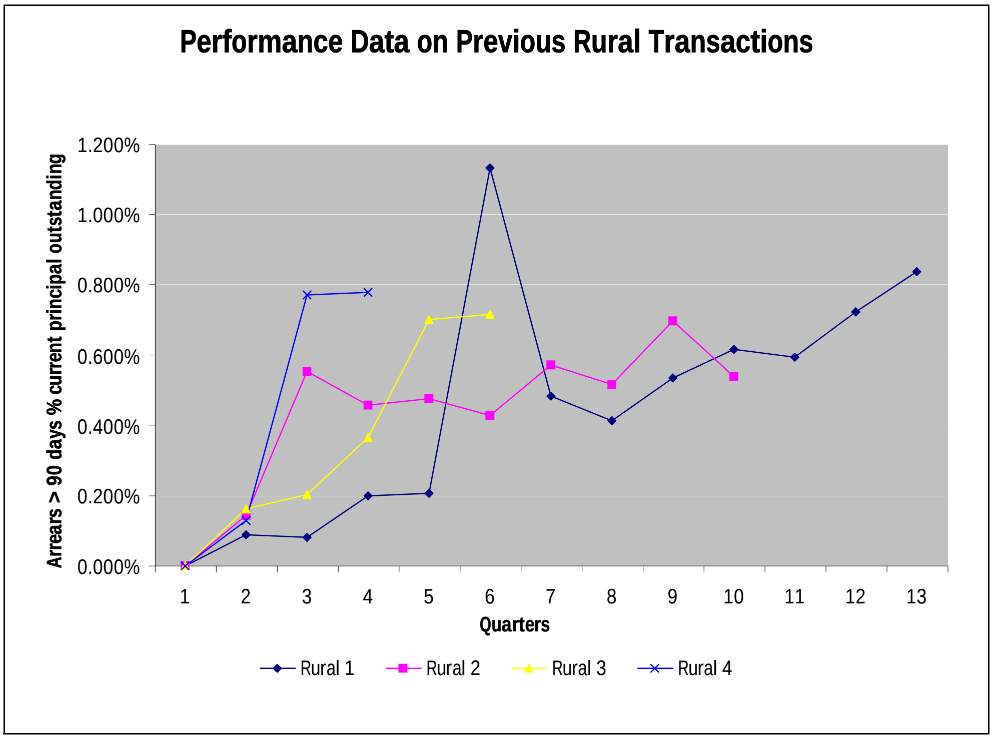
Any renegotiation of the terms and conditions of the loans is subject to the *gestora*’s approval, except for interest rate negotiations. However, the originators are not allowed to renegotiate any loan if the weighted average margin of the pool is equal to or less than 80bbpa. At the time of the analysis, the interest rate is 3.58%. The terms of the renegotiation may not extend the maturity of any loan later than 31 March 2033.

Additionally, some debtors have the possibility of enjoying an automatic reduction in their margin loan if they sign on for additional products with the originator. However if this situation occurs when the Weighted Average interest rate on the portfolio is under the interest rate on the bond plus 80bppa, the originators will pay the fund the modified margin for each participated mortgage loan, until the loan is repaid.

Comparison with previous rural transaction in terms of collateral

	RURAL I	RURAL II	RURAL III	RURAL IV	RURAL V
Geog. Con.	Valencia (38%)	Andalucia (31%)	Andalucia (38%)	Andalucia(31%)	Andalucia (15%)
WALTV	56.79%	59.77%	57.56%	63.11%	62.84%
Seasoning	2.5yrs	2.1yrs	2.1yrs	1.5yrs	1.68 yrs
Originators	4 unrated orig	7 unrated orig	7 unrated orig	5 unrated orig	13 unrated orig

Performance data on previous Rural transactions



ORIGINATOR, SERVICER AND DUE DILIGENCE

Originators

The Cajas Rural group is present in almost every region in Spain and has assets totalling €16 billion. The group currently comprises 75 savings institutions and co-operative institutions. Moody's believes each originator is capable of fulfilling its servicing obligations in the transaction.

Banco Cooperativo Español (A2/P-1)

Banco Cooperativo's main objective is not to maximise profits but to be an all-round service provider to the cajas rurales, with the aim of strengthening the competitive advantages of this sector which accounts for 5% of Spain's financial system. The bank is currently owned by 75 cajas rurales in Spain, which are associated under a federal model. German co-operative central bank DZ Bank (**A2**/**P-1**/**D**) also has a 15% ownership stake in Banco Cooperativo.

Management

Moody's views the experience of the management company (*gestora*), Europea de Titulización, as strength. The *gestora*'s obligations within the structure are guaranteed by its shareholders in proportion to their holdings. BBVA accounts for 83% of the *gestora's* capital. The remainder is owned by 15 institutions including JP Morgan 4%, Caja de Ahorros del Mediterráneo 1.54%, Bankinter 1.53%, Barclays Bank 1.53% and Citibank España 1.53%.

MOODY'S ANALYSIS

Moody's rating process involves a collateral, structural and legal 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:

- **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 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. These adjustments can be both qualitative and quantitative.
  - Adding the enhancement levels for each loan in the pool together, and then adjusting this result based on he overall *concentrations of certain loan characteristics* in the pool. The result of this Loan-by-Loan model is then reviewed by the rating committee along with performance data that has been provided by the originator and information available to Moody's from previously securitised pools
- **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

Moody's will monitor the 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.

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. 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
- RURAL HIPOTECARIO I Pre-sale report + Performance Overview
- RURAL HIPOTECARIO II Pre-sale report + Performance Overview
- RURAL HIPOTECARIO III Pre-sale report + Performance Overview
- RURAL HIPOTECARIO IV Pre-sale report + Performance Overview

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