STANDARD & POOR'S

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RMBS Presale Report

Fondo De Titulización Hipotecaria UCI 12

€900 Million Mortgage-Backed Floating-Rate Notes

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Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A	AAA	867.2	4.79	Three-month EURIBOR plus a margin	June 15, 2042
B	A	9.0	3.79	Three-month EURIBOR plus a margin	June 15, 2042
C	BBB	23.8	1.15	Three-month EURIBOR plus a margin	June 15, 2042

**The rating on each class of securities is preliminary as of May 11, 2005 and is subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal.*

Transaction Profile	
Seller and servicer	Unión de Créditos Inmobiliarios Establecimiento Financiero de Crédito (UCI)
Underwriters	Banco Santander Central Hispano, S.A. and BNP Paribas
Trustee ("*sociedad gestora*")	Santander de Titulización, S.G.F.T., S.A.
GIC provider	Banco Santander Central Hispano, S.A.
Transaction account provider	Banco Santander Central Hispano, S.A.

Supporting Ratings	
Institution/role	Rating
Banco Santander Central Hispano, S.A. as GIC provider and transaction account provider	A+/Stable/A-1

Transaction Key Features	
Expected closing date	May 21, 2005
Collateral	Mortgage loans secured by first-ranking mortgages on residential properties with an LTV ratio of less than 80% at closing, including 88% of mortgages with floating interest rates and 12% of mortgages with the first three years at fixed interest rates then floating from 2007 until term
Principal outstanding (Mil. €)	900
Country of origination	Kingdom of Spain
Concentration	Andalucía (23.83%), Madrid (20.45%), and Catalonia (15.83%)
Weighted-average LTV ratio (%)	64.06
Average loan size balance (€)	116,434
Loan size range (€)	2,047 to 379,130
Weighted-average seasoning (months)	11.1
Weighted-average asset life remaining (years)	28.42
Weighted-average mortgage interest rate (%)	3.98
Arrears (%)	None over one month
Redemption profile	Amortizing
Excess spread at closing (%)	1.45
Cash reserve	10,350,000 (1.15%)
Mortgage priority	First-lien
Maximum LTV ratio (%)	79.99
Jumbo loan > €400,000	0

Transaction Summary

Preliminary credit ratings have been assigned to the €900 million mortgage-backed floating-rate notes to be issued by Fondo de Titulización Hipotecaria UCI 12 (UCI 12).

UCI 12, as the issuer, will acquire mortgage loan participations ultimately backed by a pool of first-ranking mortgages secured over owner-occupied residential properties located in Spain from the seller, Unión de Créditos Inmobiliarios Establecimiento Financiero de Crédito (UCI). To fund this purchase, UCI 12 will issue three classes of floating-rate notes.

Notable features

This transaction is similar to the previous two mortgage securitizations undertaken by UCI in 2004 both in terms of structure and the type of products being securitized.

The main differences are the absence of an interest-rate swap to cover basis risk and the presence of postponement triggers for the interest on the class B and C notes in the priority of payments, which will partially postpone interest if a an asset-liability test is breached.

Strengths, Concerns, And Mitigants

Strengths

- UCI is an experienced originator and servicer of mortgage loans, with 11 previous RMBS transactions.
- All loans consist of first-charge mortgage loans.
- The weighted-average LTV ratio of the pool is at a relatively low 64.06%. Mortgage loans in a fondo de titulización hipotecaria (FTH) cannot have an LTV ratio above 80%.
- Protection for the noteholders is provided by credit enhancement including subordination, a 145 bp excess spread (before stresses), and a 1.15% initial cash reserve.
- A fully funded cash reserve will be provided at closing.
- The collateral has a varied geographic distribution (with 80% of it distributed across six provinces), with the largest concentrations in major economic areas: Andalucía (23.83%), Madrid (20.45%), and Catalonia (15.83%).
- There is provision for the mortgage loans that form the collateral to be written-off depending on their LTV ratios and length of arrears.

Concerns

- There are some unsecured loans, not included in the collateral to be securitized, associated with the secured loans that make up the collateral (see "*Collateral Description*"). Standard & Poor's understands that the existence of these associated loans increases foreclosure risk of the related mortgage loans in the collateral, even though none of these associated loans are part of the pool being securitized.
- The characteristics of some of the underlying mortgage loans in the pool being securitized have a negative effect on the credit quality of the collateral (see "*Collateral Description*").
- There is basis risk since the assets in the portfolio are referenced to seven different indices (mainly IRPH/IRPC (74%) and EURIBOR (25%))and reset interest at different dates. There is no interest-rate swap hedging this risk.
- The subordinate notes can start to amortize pro rata if their proportion to the outstanding balance of the notes doubles that at closing.
- There is commingling risk since collections will be held in the originator's account with Banco Santander Central Hispano, S.A. for 24 hours.

Mitigants

- All special features of the secured loans (and associated loans outside the securitization) have been taken into account when assessing the credit quality of the pool.
- Standard & Poor's has taken into account basis risk when calculating the credit enhancement levels for the transaction.

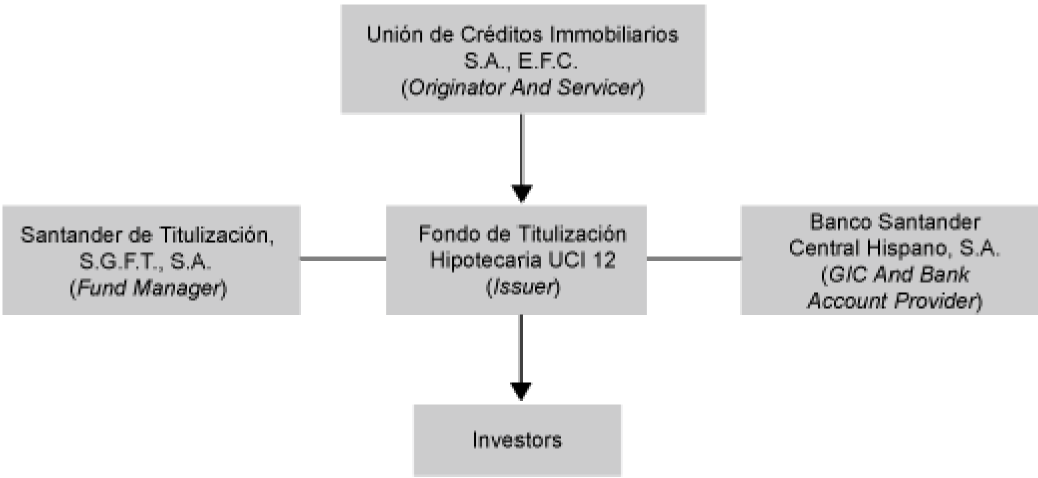
- Pro rata amortization has been modeled, and the structure will revert to purely sequential amortization if a series of conditions are met (see "*Redemption of the notes*").
- Monthly collections are not expected to be higher than 20% of the outstanding note balance, and the originator's bank account is with an 'A-1' rated financial institution (Banco Santander Central Hispano, S.A.).

Transaction Structure

The originator and servicer, UCI, will sell a closed pool of mortgage participations to an SPE or "fondo" on the closing date (see chart 1). The sole purpose of this SPE is to purchase these mortgage participations through the issuance of the notes and to conduct related activities.

Chart 1

Fondo de Titulización Hipotecaria UCI 12 Structure



Spanish mortgage securitization law requires the notes to be issued by a "*fondo*", whose activities are managed by a fund manager, in this case Santander de Titulización, S.G.F.T, S.A. (Santander de Tiulización), an independent management company authorized by the Ministry of Economy and Treasury. The fund manager will represent and defend the interests of the noteholders and will enter into various contracts for the issuer.

As servicer, UCI will be responsible for the day-to-day administration and ongoing servicing of the underlying portfolio of loans. Santander de Titulización will be responsible for producing all reports and accounts for the fund and Standard & Poor's in connection with the performance of the mortgages.

Borrowers will make their payments directly to UCI into a bank account, which will then pay these amounts to the issuer's bank account at Banco Santander Central Hispano. If Banco Santander Central Hispano's short-term rating falls below 'A-1', the issuer's account will be transferred to an appropriately rated institution.

Standard & Poor's review of UCI's origination process and collection and default management procedures indicates that UCI is capable of performing the functions necessary to ensure the collection of borrower payments and the management of arrears and repossessions.

The class A noteholders are protected from potential credit losses on the underlying mortgages by the 3.64% subordinate class B and C notes, a 1.15% fully drawn subordinated loan as a reserve fund, and excess spread between the fund's revenue and expenses. The class B noteholders are protected from potential credit losses by the 2.64% subordinate class C notes, the 1.15% reserve fund, and excess spread. The class C notes are protected from potential credit losses by the 1.15% reserve fund and excess spread.

To meet full and timely payment of interest, the issuer may use principal receipts (if not needed to redeem note principal) to fund interest payments on the notes.

Main Transaction Parties

Fondo de Titulización Hipotecaria UCI 12 (issuer)

The issuer, UCI 12, is a "*Fondo de Titulización Hipotecaria"* (a mortgage-backed securitization fund or FTH) created for the sole purpose of purchasing the mortgage participation from UCI, issuing the notes, and carrying on related activities. The issuer is not an entity at law but will hold a distinct and closed pool of assets available for distribution to the noteholders. The assets will be insulated from the insolvency of the originator and *"sociedad gestora"* (fund manager).

Unión de Créditos Inmobiliarios Establecimiento Financiero de Crédito (originator and servicer)

The originator of the assets is UCI, which was incorporated in 1989 as a specialized mortgage lending company. The capital in its immediate holding company (Unión de Créditos Inmobiliarios S.A.), which holds 100% of the shares in the originator), is owned 50% by Banco Santander Central Hispano and 50% by BNP Paribas.

UCI originates residential mortgage loans to individuals through a network of Spanish real estate agents that brings business to UCI via one of its 52 branches around Spain or through about 45 agents covering other areas of the country. Mortgage servicing and risk decision-taking is centralized in Madrid. As of March 30, 2005, UCI managed some €5.9 billion of assets in Spain, of which 48% has been securitized through nine Spanish RMBS transactions.

All of UCI's mortgage properties have been valued by a single appraising entity duly registered in the official Register of the Bank of Spain, giving a consistent means of calculating the LTV ratio.

Santander de Titulización, S.G.F.T., S.A. (fund manager)

The fund manager is Santander de Titulización. The creation of the fund manager was authorized by the Ministry of Economy and Treasury in December 1992. Under Spanish mortgage securitization law, the day-to-day operations of the issuer are managed by a fund manager, which will represent and defend the interests of the noteholders. The manager, on behalf of the issuer, will enter into certain contracts (in this case a GIC agreement) needed to protect it against certain credit losses and liquidity shortfalls assumed to arise in connection with holding the credit rights.

Banco Santander Central Hispano, S.A. (bank account provider)

The collection account will be held with Banco Santander Central Hispano so long as it is rated at least 'A-1'.

Collateral Description

The collateral, as in previous UCI transactions, incorporates loans with specific characteristics as follows:

- Associated loans: 19.9% of the mortgages in the pool have an associated loan. None of these associated loans is guaranteed by a mortgage. However, both types of loans are actually cross-defaulted. Therefore, the foreclosure frequency is increased.
- Inflation-linked loans: 64.6% of the borrowers in the pool have the option to limit the increase in his/her installment to a maximum of 200%, 100%, or 50% of the Spanish inflation rate, and can exercise this option once a year in the first three years of the loan's life. (Due to seasoning, this option will be available for a maximum of two years for this pool). An additional 0.13% of the balance of the pool is made up of borrowers who can limit the increase in their loan installments for the rest of the life of their loans. The difference between the actual limited installment and the required installment without this feature is capitalized. Historically, less than 2% of UCI's clients have used this option in the past, none of them in the pools securitized in the last five transactions.
- "*Cuota comodín*" (joker installment): 5.15% of the mortgage loan balance may use this feature, which allows borrowers to defer one payment on their mortgages (principal and interest, that are capitalized) once a year during the first three years of their mortgage. Due to seasoning, this option will be available

for a maximum of two years. Less than 10% of UCI's clients have used this option in the past.
- "*Cuota fácil*" (easy installment): 19.48% of the mortgage balance benefits from a lower pre-agreed installment amount during the first three years of the life of their loans. The difference between the initial installment and the required installment without this feature is capitalized.
- "*Cambio de casa*" (bridging loan): 24% of the mortgage balance is formed by loans granted to individuals who have not yet sold their current home but are seeking to purchase a new one. Borrowers with this option have a maximum of two years to sell their current home.

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

Chart 2

LTV Distribution Of The Pool

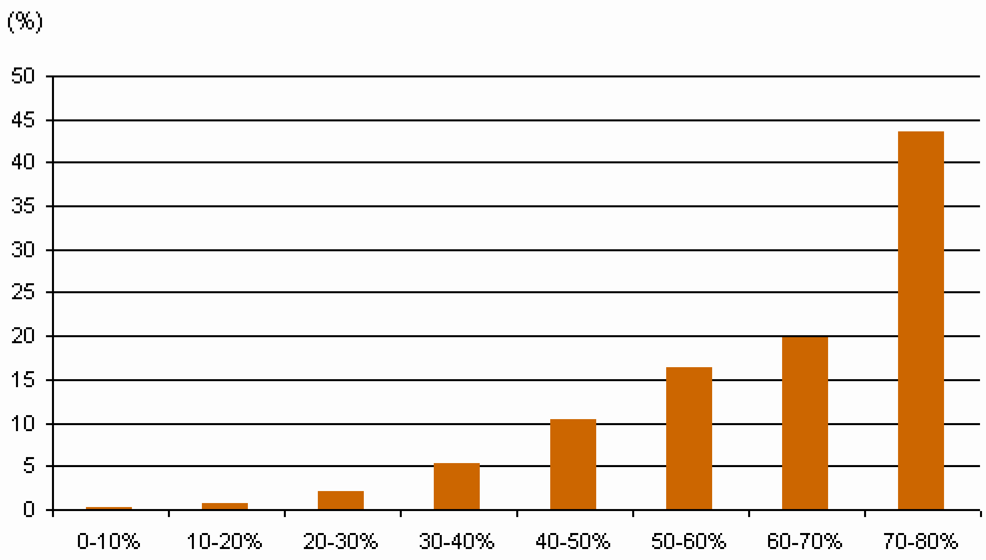
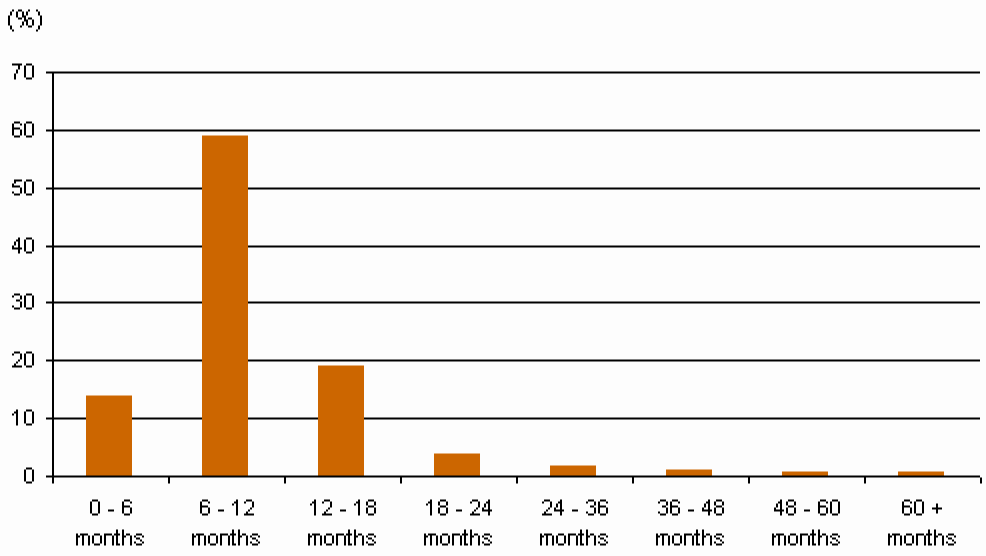
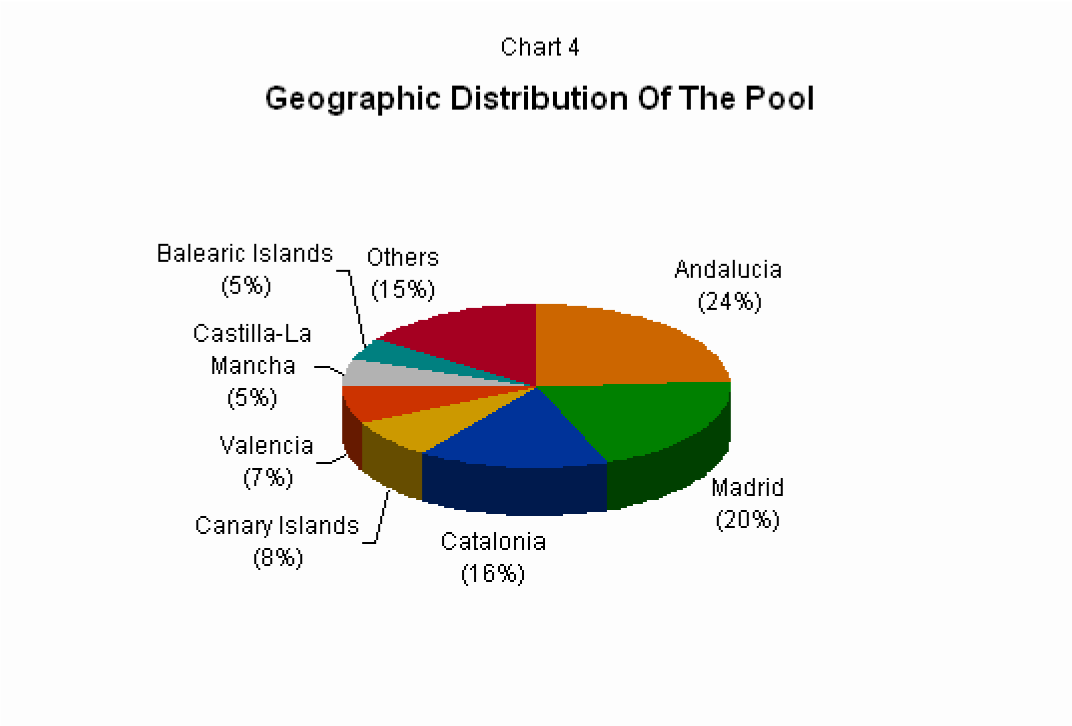


Chart 3

Seasoning Of The Pool





At closing, none of the mortgages will have been delinquent longer than one month.

All of the loans in the portfolio are fully amortizing mortgage loans with monthly installments, due on the fifth day of each month. The average LTV ratio is 64.06% at closing. No loan will have an LTV ratio above 80% at closing.

The pool is made up of mortgages loans referenced to seven different indices, the majority of them resetting interest annually. Of the loans, 74.4% are indexed to IRPH (the average rate of Spanish lending institutions calculated by the Bank of Spain) and 25.26% indexed to the Bank of Spain's EURIBOR or MIBOR (12-month EURIBOR or MIBOR - Madrid Interbank Offered Rate), the rest being split between three-month EURIBOR, six-month EURIBOR, and Deuda Pública.

Collateral risk assessment

Standard & Poor's conducts a loan-level analysis to assess the credit risk of a pool of mortgages, following the methodology explained in the criteria piece "*Criteria for Rating Spanish Residential Mortgage-Backed Securities*" published in March 2002. Standard & Poor's ratings criteria can be found on RatingsDirect, Standard & Poor's on-line credit analysis system, at www.ratingsdirect.com, under Criteria. The published criteria are also available on Standard & Poor's Web site at www.standardandpoors.com. Under Resource Center, select Ratings Criteria, then Structured Finance.

Standard & Poor's collateral risk assessment analyzes the foreclosure frequency and loss severity of each loan in the collateral pool. These depend on the characteristics of the borrower, the loan, and the rating on the notes.

The potential loss associated with a loan can be calculated by multiplying the foreclosure frequency by the loss severity.

To quantify the potential losses associated with the entire pool, Standard & Poor's calculates a weighted-average foreclosure frequency (WAFF) and a weighted-average loss severity (WALS) at each rating level.

The product of these two variables estimates the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level will be.

Credit Structure

Reserve fund

The issuer will establish a fund on the closing date with the proceeds from the subordinated loan. It may be replenished on each interest payment date.

The subordinated loan will be fully drawn at closing to fund the reserve fund in an amount equal to 1.15% of the initial outstanding balance of the notes. The reserve fund may decrease, however, once it reaches 2.3% of the outstanding balance of the loans, but depending on the level of arrears (defined as greater than 90 days), the required reserve fund will be as follows:

- If arrears are below 0.75%, it will be the minimum between 2.3% of the outstanding balance of the notes and 0.4% of the initial balance of the notes.
- If arrears are between 0.75% and 1.25%, it will be the minimum between 2.3% of the outstanding balance of the notes and 0.7% of the initial balance of the notes.
- If arrears are above 1.25%, it will be the maximum between 2.3% of the outstanding balance of the notes and the maximum of 0.8% of the initial balance of the notes and the required reserve fund at the immediately previous interest payment date.

There will be no decrease of the reserve fund if at any time:

- The weighted-average interest rate on the loans is less than the weighted-average interest rate on the notes plus 0.40%;
- There is any deficit of amortization as defined in the documents; or
- The balance of the collateral is less than 10% of the issuance amount.

Redemption of the notes

The amortization amount will be determined as the outstanding balance of the notes less the difference between the outstanding balance of the collateral and a percentage of the loans in arrears over 18 months.

As in previous UCI transactions, the write-off of delinquent loans will be gradual based on LTV ratios and the delinquency period as outlined in the table below.

Percentage Write-Off Of Delinquent Loans				
	Loans 18 months in arrears	Loans 24 months in arrears	Loans 36 months in arrears	Loans 48 months in arrears
LTV ratio 60% to 80%	50	75	100	100
LTV ratio 40% to 60%	25	50	75	100
LTV ratio 40%	0	0	25	50

The notes will pay sequentially unless the following conditions are met, in which case the payments will be pro rata:

- The class B and C notes have doubled their initial proportion of the amount of all classes of notes at closing.
- The reserve fund is fully topped up.
- Arrears over 90 days are less than 2% of the balance of the assets.
- Principal deficiency is less than the outstanding balance of the class C notes.
- The balance of the assets is greater than 10% of the note issuance at closing.

Unless redeemed earlier, the notes will be redeemed at their maturity 30 months after the maturity of the longest-term loan in the pool (the maximum term is December 2039 and legal maturity is June 2042).

The notes may be fully redeemed if:

- The balance of the collateral falls below 10% of its original balance; or
- The fund manager becomes bankrupt or its authorization is revoked and no replacement can be found.

Interest rate triggers

A trigger will be implemented to partially defer interest on the more subordinated notes for the benefit of payment of principal for the more senior notes. The trigger will be activated if the more senior notes are not sufficiently covered by the collateral.

However, when the trigger is activated, there will still be an interest payment on the postponed class senior to principal repayment of the notes. The available funds for this payment will neither include principal collections on the collateral nor any amounts from the reserve fund.

The triggers are as follows:

- Interest on the class B notes will be partially deferred if the outstanding balance of the class A notes less the available funds after payment of interest on the class B notes and the performing balance of the collateral is greater than zero.
- Interest on the class C notes will be partially deferred if the outstanding balance of the class A and B notes less the available funds after payment of the interest on the class C notes and the performing balance of the collateral is greater than zero.

Interest paid to the noteholders

Interest will be paid quarterly at a rate equal to three-month EURIBOR plus a spread yet to be determined.

Key Performance Indicators

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. Cash flow triggers will be checked to ensure the postponement of interest in case of worsening performance of the pool. Besides the reports, 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.

Standard & Poor's Stress Test

Standard & Poor's analysis includes a conservative assessment of the credit risk inherent in the transaction, as described in the section titled *"Collateral Risk Assessment"*. The credit enhancement levels have been sized after analyzing the impact that severe stress scenarios would have on the mortgage loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

Specific penalties were applied with respect to the levels of aggregate defaults expected in 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.

Criteria Referenced

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

Related Articles

- "Ratings Transitions 2003: Upgrades on the Rise as European Structured Finance Ratings' Stability Continues" (published on Jan. 15, 2004).

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

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