BANKINTER 4 - FONDO DE TITULIZACION HIPOTECARIA

Bankinter
RMBS
Spain

CLOSING DATE
September 2002

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RATINGS

Class	Rating	Amount	% of Total	Legal Final Maturity	Expected Maturity
A	**Aaa**	€987.600.000	96.35%	12/11/38	12/05/16
B	**A2**	€21.500.000	2.10%	12/11/38	12/05/16
C	**Baa3**	€15.900.000	1.55%	12/11/38	12/05/16
Total		€1.025.000.000	100%		

Class	Index	Margin
A	3M EURIBOR+	0.22%
B	3M EURIBOR+	0.45%
C	3M EURIBOR+	1.20%

The ratings 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

- Good information provided by Bankinter - (DTI ratios, borrowers information, property type)
- Good Seasoning + good geographical distribution
- Strong performance and track record on previous deals

Weaknesses and Mitigants

- Tight margin on the loans (the weighted average margin on the loans is 58 bps)
- Both loan size and LTV levels are slightly higher than on the previous BANKINTER deal

STRUCTURE SUMMARY

Issuer:	BANKINTER 4 FONDO DE TITULIZACION HIPOTECARIA
Structure Type:	Senior - Mezzanine - Subordinated - LOC
Seller/Originator:	BANKINTER
Servicer:	BANKINTER
Interest Payments:	quarterly on February 12th, May 12th, August 12th, and November 12th
Principal Payments:	final maturity will take place on Nov 12th 2038, regardless of any possible partial amortisation that may occur since launching date
Credit Enhancement/Reserves:	1.05% LOC
Liquidity Facility:	N/A
Hedging:	basis swap
[Fiscal Property Advisor]:	N/A
Paying Agent:	BANKINTER
Security Trustee:	Europea de Titulizacion
Note Trustee:	Europea de Titulizacion
Lead Manager:	BANKINTER, CREDIT AGRICOLE INDOSUEZ, DEUTSCHE BANK

COLLATERAL SUMMARY

Receivables:	Mortgage shares (Participaciones Hipotecarias: PHs)
Number of Loans:	12,338
Average Loans:	Euro 83,944
Type of Equipment:	Residential Property
Geographic Diversity:	Madrid (35.20%), Cataluña (15.95%)
Weighted Average LTV:	61.69%
Remaining Term:	aprox. 252 months
Seasoning:	23.77 months
Delinquency Status:	Up to 30 days in arrears can be included in pool at closing
WAC:	4.2%
Total Amount:	Euro 1.035.000.000

CREDIT SUPPORT

Class	Subordination	Line of Credit	Excess Spread	Total
A	3.65%	1.05%	marginal	4.70%
B	1.55%	1.05%	marginal	2.60%
C	--	1.05%	marginal	1.05%

OVERVIEW

Recurrent Plain Vanilla BANKINTER Transaction

Bankinter taps the market for the fourth time with this transaction consisting on the securitisation of standard mortgage loans.

The product being securitised consists of first lien mortgage loans - granted to individuals who are resident in Spain and who will use these loans primarily to acquire or refurbish a primary residence – This transaction contains a small percentage of loans whose main purpose is the purchase of secondary residences.

Structurally the transaction shares the same format as last year's issuance with the exception that the excess spread on this deal is very tight. The average loan margin on Bankinter 4 is approximately 58 bps over EURIBOR. (See section on structure).

STRUCTURAL AND LEGAL ASPECTS

Fth - Transaction Structured As An Fth (Fondo De Titulizacion Hipotecaria)

The (BTHs) are issued by a mortgage securitisation fund (fondo de titulización hipotecaria) which was created and is managed by Europea de Titulizacion, SGFTH, S.A., the management company. The BTH's are secured by PHs.

Under Spanish law each PH represents a certain percentage of a single mortgage loan for the entirety of its remaining life and grants to its holder the right to undertake executory action against the mortgage debtor. As the Fondo does not posses juridic personality any such action must be taken on its behalf by the Gestora. In this transaction all of the PH's represent 100% of the underlying mortgage loan and pay interest at the mortgage rate. Payments of interest on PHs purchased by a mortgage securitisation fund are not subject to withholding tax. However, interest payments on the BTHs issued by the fund are subject to withholding tax (EU residents are exempt from this tax).

All of the mortgage loan securing the PH's were originated by BANKINTER **(A1/P1)** which will continue to service the loans and will substitute or repurchase any PH that is found to be backed by a loan that fails to meet various criteria.

3 Tranche Structure + A Line Of Credit

Keeping in line with BK structures, this transaction consists on 3 different tranches + a line of credit.

The first layer of protection for investors is the excess spread – This deal has very little excess spread. Moody's has performed several prepayment scenarios on the spread valuation and has determined that the available excess spread in the deal is quite marginal, specially during the last years of the deal where the higher paid notes margin are being paid down – in this scenario, the structure could potentially suffer from an absence of spread or even some negative flow. This risk has been mitigated by increasing the Credit enhancement within the deal and by placing several restrictions on the LOC that will be able to counteract the possible tail effect on the deal – these restrictions include setting up a 0.50% LOC floor – and stressing the amortisation profile of this LOC.

Investors are also protected by the LOC – the initial value of the LOC has been set up to be 1.05% of the bonds original balance. The value of this line will always be the smaller of the following quantities – a) 1.05% of the bonds original balance, or the largest of 1) 2.10% of the PHs outstanding balance, or 2) 0.50% of the bonds original balance.

Notwithstanding with the above, should the following scenarios occur, the LOC will not be amortised –

1. should there exist a principal deficiency, or
2. Should the sum of: a) the PHs outstanding balance (PHs less than 90 days in arrears), and b) the obtained flows from principal amortisations, be lower than 99% of the issued bonds outstanding balance.

Additional layers of protection come from the 2 tranches of Bonds – tranche B and Tranche C – Tranche C is fully sequential to Tranche B an A.

Amortisation on tranche B will commence when the B tranche outstanding balance represents 3.68% of Tranche A outstanding balance. Once this occurs, any available funds will be used prorata to pay down both tranche A and tranche B bonds.

COLLATERAL – REFERENCE PORTFOLIO

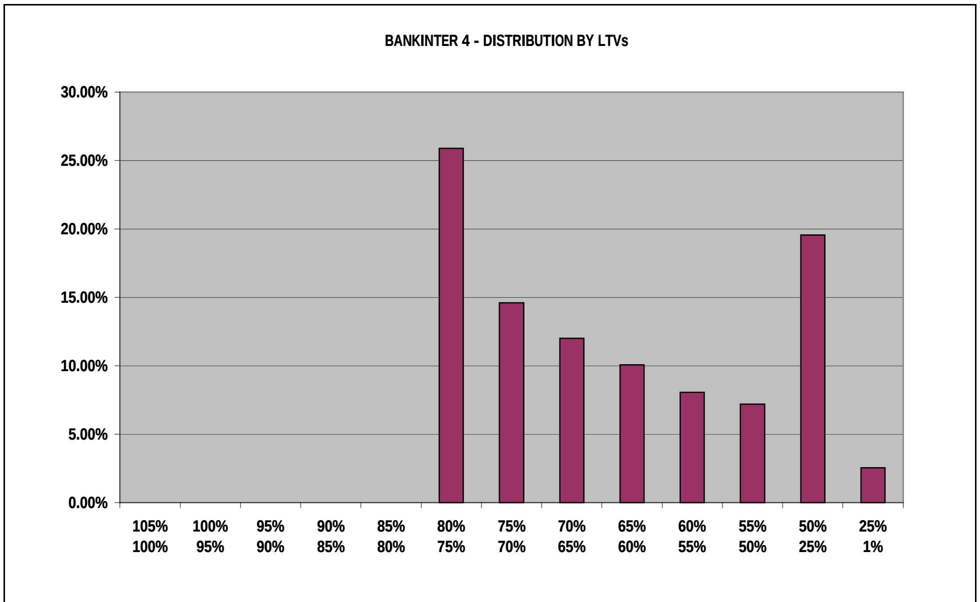
Good Quality Collateral - Strong Performance In The Past

Collateral for this transaction is quite strong – Bankinter has been positioning itself as a main player in the securitisation arena – averaging at least one transaction per year. This is quite impressive taking into account that Bankinter´s mortgage lending practices only began several years ago. Previous pool behaviour as well as delinquency statistics that Bankinter has been able to provide have proven over time the bank's strong underwriting criteria and technological leadership.

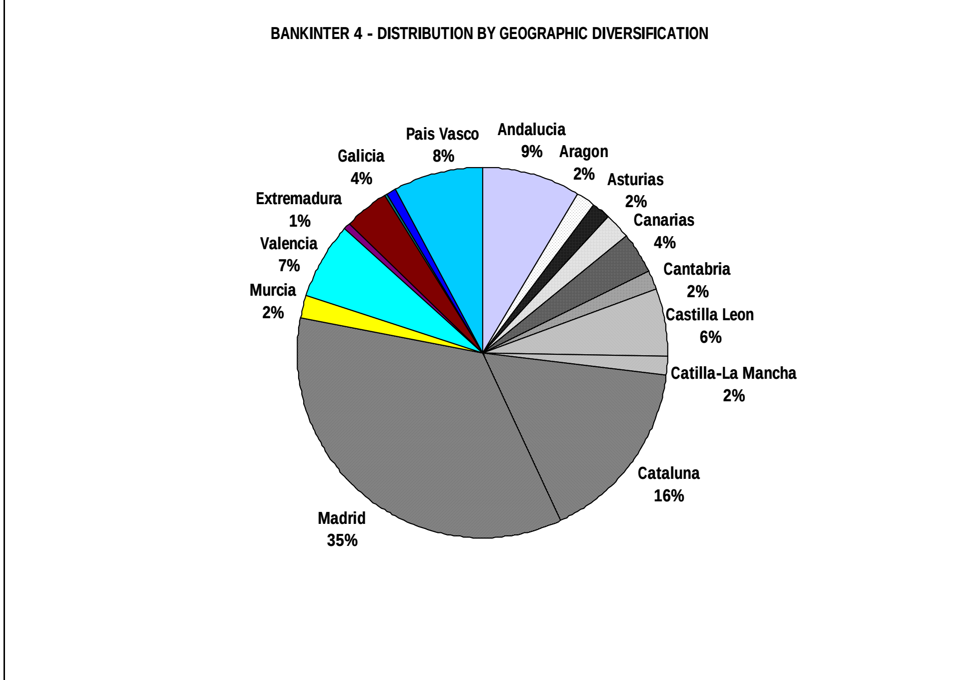
Performance data has been very good for the previous 3 transactions - with 90+ arrears levels not increasing the 0.3% level on BANKINTER 2 - and well below the 0.15% mark on BANKINTER 1 and 3.

In terms of collateral, this pool benefits from avg. LTV levels of 61.69%, a good seasoning of almost 2 years - and a good geographical distribution with some concentrations in Madrid (35.20%) and Cataluña (15.95%) - (see charts below)

No Loans Above 80% Ltv

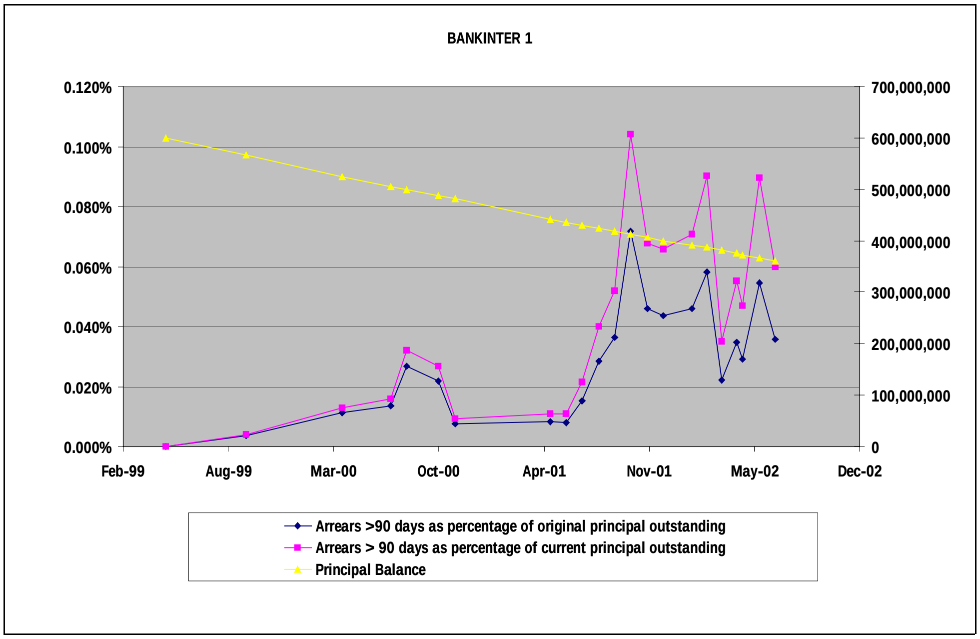


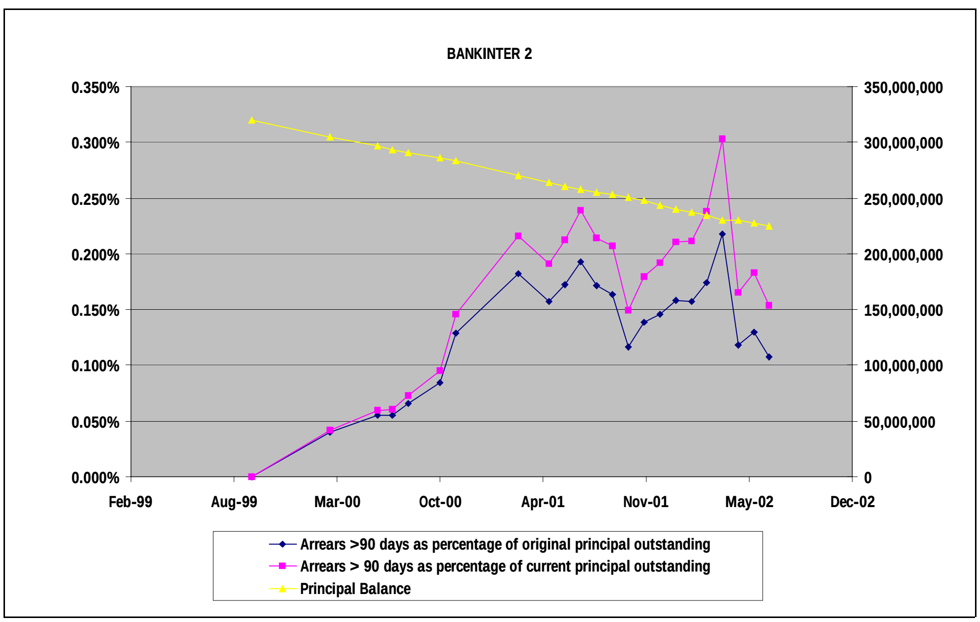
Good Geographical Distribution

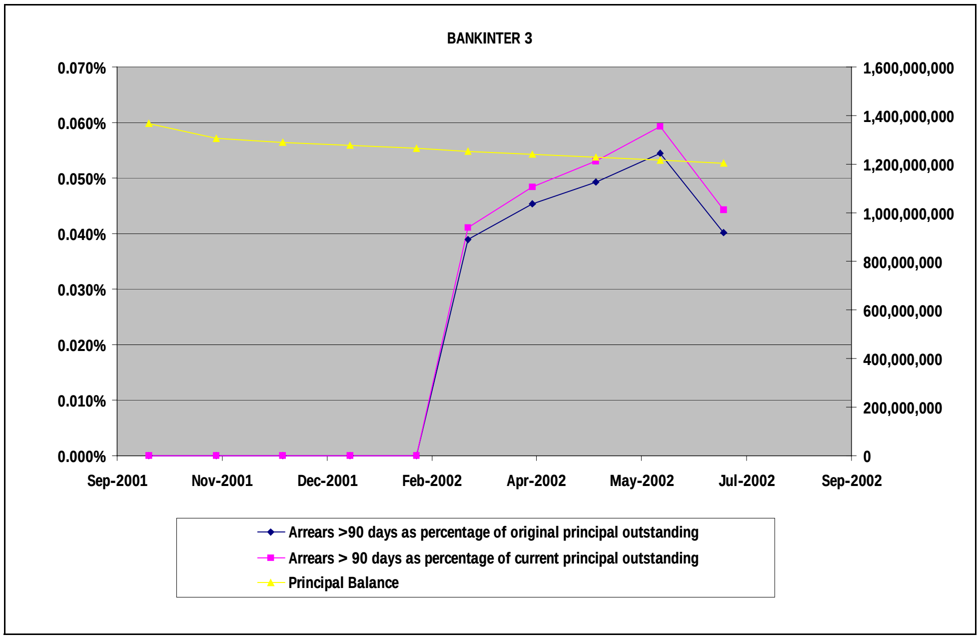


Performance Data For Previous BANKINTER Pools – Very Strong Data

Performance data for the previous 3 transactions has remained quite strong so far – This data plus some additional descriptions on the previous deals can be found on Moody's web page under Performance Overviews, which are updated on a quarterly basis.







ORIGINATOR, SERVICER AND DUE DILIGENCE

BANKINTER

Moody's A1/P-1/B ratings for Bankinter reflect the bank's solid credit fundamentals - strong efficiency levels, good asset quality and strong recurring earning power - as well its technological leadership. The ratings also take account of Bankinter's more limited position in the Spanish market.

Bankinter's business focuses primarily on servicing and financing small- and medium-sized companies and the top end of the retail market. Its sophisticated clientele and its increasing reliance on non-conventional channels to distribute its products and services could make Bankinter's retail franchise more vulnerable to new participants in an increasingly commoditised market which compels the bank to maintain at all times a differentiated product offering and high quality of service. A low-cost structure and strong and stable non-interest income enables the bank to maintain a recurring earning power above that of many of its larger peers. Moody’s believes that behind Bankinter's success - demonstrated by its strong financial fundamentals - lies its flexible and agile commercial strategy, which results from the bank's technological leadership that allows it to react rapidly to market changes in a highly competitive environment.

MOODY’S ANALYSIS

Loan By Loan 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 model (Loan-by-Loan) has been developed to assist in the analysis of mortgage loans under various conditions. Under this model however, investors typically discover that the most significant elements of Moody’s collateral analysis are the loan-to-value of the mortgage and those factors that address the extent and stability of a borrower’s income.

Under the loan-by-loan approach, Moody's calculates an enhancement level for each loan in the pool to be securitised in the following three 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*.
- *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 the overall *concentrations of certain loan characteristics* in the pool.

The results of this loan by loan model are then reviewed by the rating committee along with performance data provided by the originator, and information available to Moody's on previously securitised pools.

As compared with previous deals –

As Compared With Previous BANKINTER Deals

	BANKINTER 4	BANKINTER 3	BANKINTER 2	BANKINTER 1
CLOSING	Sep-02	Oct-01	Oct-99	May-99
WALTV	61.69%	60.81%	60.77%	57.23%
LTV	59.17%	57.47%	57.73%	53.23%
GEOG	MADRID (35.20%)	MADRID (28.15%)	MADRID (34.77%)	MADRID (34.67%)
GEOG	CATALUNA (16%)	CATALUÑA (14.18%)	CATALUÑA (11.37%)	CATALUÑA (13.41%)
B BOND	2.1	2.55	4.15	3.7
C BOND	1.55	1.15		
LOC	1.05	1	3.25	2.75
TOTAL CE	4.7	4.7	7.4	6.45
	swap -	swap -	no swap -	no swap -

RATING RECOMMENDATION

As compared with previous Bankinter transactions – Moody's believes the quality of the loans to be very similar to the previous Bankinter 3 transaction.

This similarity arises both from the collateral and from the structure – the main difference between the 2 lies in the following 2 points:

1. Mortgage loans with a higher seasoning than those loans on the previous transaction are securitised ,
2. The spread on this transaction is greatly reduced – (WAM on BK 3 was 0.70%, whereas we are seeing levels of 0.58% on this deal)

Bankinter 4 is also benefited with the revision of our LBL model - and with the actualisation of several of the model parameters. Overall, Bankinter transactions have behaved well in the past, (90+arrears levels below 0.25%) yet, these figures are only indicative since both Bankinter 1, Bankinter 2, and Bankinter 3 deals are still relatively new and it is still difficult to predict future behaviour on these deals. However, and looking at older originated deals, Bankinter 1, 2 and 3 deals are behaving very well and definitely according to expectations.

RATING SENSITIVITIES AND MONITORING

Moody's will monitor the transaction on an ongoing basis to ensure that its transaction continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

RELATED RESEARCH

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

All BANKINTER NIR and PERFORMANCE OVERVIEWS

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