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RMBS Presale Report

Bankinter 11 Fondo de Titulización Hipotecaria

€887.5 Million Mortgage-Backed Floating-Rate Notes

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Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A1	AAA	30.0	6.00	Three-month EURIBOR plus a margin	Aug. 21, 2048
A2	AAA	816.8	6.00	Three-month EURIBOR plus a margin	Aug. 21, 2048
B	A	15.6	4.24	Three-month EURIBOR plus a margin	Aug. 21, 2048
C	BBB-	15.3	2.52	Three-month EURIBOR plus a margin	Aug. 21, 2048
D	BB-	9.8	1.41	Three-month EURIBOR plus a margin	Aug. 21, 2048
E**	NR	12.5	N/A	N/A	N/A

**The rating on each class of securities is preliminary as of Nov. 23, 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.*
***The class E notes will be used to finance the reserve fund and are not included in the issuance total.*
NR—Not rated.
N/A—Not applicable.

Transaction Profile	
Expected closing date	Dec. 2, 2005
Originator	Bankinter S.A.
Arrangers	Bankinter S.A. and Europea de Titulización SGFT, S.A.
Seller	Bankinter S.A.
Servicer	Bankinter S.A.
Security trustee	Europea de Titulización SGFT, S.A.
Transaction accounts provider	Bankinter S.A.
Interest swap counterparty	Bankinter S.A.

Supporting Ratings	
Institution/role	Ratings
Bankinter S.A. as transaction accounts provider and interest swap counterparty	A/Stable/A-1

Transaction Key Features*	
Collateral	First-ranking mortgage loans for residential properties in Spain
Principal outstanding of the provisional pool (Mil. €)	946.3
Country of origination	Spain
Concentration	Madrid (35.42%), Catalonia (16.73%), and Andalucía (10.74%)
Weighted-average LTV ratio (%)	60.29
Average loan size (€)	142,729
Loan size range (€)	231 to 966,981
Weighted-average seasoning (months)	17
Weighted-average asset life remaining (years)	26.10
Weighted-average mortgage interest rate (%)	2.79
Weighted-average margin at closing (%)	0.47
Arrears of more than 30 days (% of portfolio)	0.0019
Redemption profile	Amortizing
Cash reserve (% of issuance)	1.41
Mortgage priority	100% first-lien
Maximum LTV ratio (%)	80.00
Percentage of jumbo loans (> €400,000)	4.62
*As of Nov. 7, 2005.	

Transaction Summary

Preliminary credit ratings have been assigned to the €887.5 million mortgage-backed floating-rate notes to be issued by Bankinter 11 Fondo de Titulización Hipotecaria, an SPE.

The originator of this transaction is Bankinter S.A., which ranks among the top 10 Spanish banks. The bank focuses on three main areas: retail, wholesale corporate, and private banking.

In this transaction, Bankinter will securitize, for the first time, part of its residential mortgage-lending product called Hipoteca SIN. The loans, mainly originated in Madrid, Catalonia, and Andalucía, represent first-ranking securities (see "Notable Features").

Notable Features

This is the 11th RMBS securitization of Bankinter's mortgage loans and the first one of Hipoteca SIN loans, which are flexible loans that allow borrowers, with Bankinter's approval, to take payment holidays, make additional draws, and increase the term of their loans.

In this transaction, Bankinter will act as originator, servicer, transaction accounts provider, and swap counterparty.

As in other Spanish transactions, interest and principal will be combined into a single priority of payments, with some triggers in the payment of interest to protect senior noteholders.

Strengths, Concerns, And Mitigating Factors

Strengths

- The collateral is a prime mortgage pool. It consists of first-ranking mortgages secured over residential properties in Spain, with a weighted-average current LTV ratio of 60.29% and a weighted-average seasoning close to 1.5 years.
- There is adequate credit enhancement for the target ratings. The cash reserve, which will be fully funded upfront by the issuance of the class E notes, and the excess spread of the pool, are both available to cover any interest or principal shortfalls.
- Bankinter has good servicing and securitization experience; this will be its 11th RMBS transaction.

Concerns

- Hipoteca SIN flexible loans allow borrowers to take payment holidays, make further drawdowns, and increase the term of their loans. There is also little default information for this type of loan because it was only introduced in 2002.
- The excess spread of the pool may decrease from its current margin of 47 bps because loans can be renegotiated at the borrowers' request.
- The pool has some geographical concentration: 62.89% of the pool is concentrated in Madrid, Catalonia, and Andalucía.

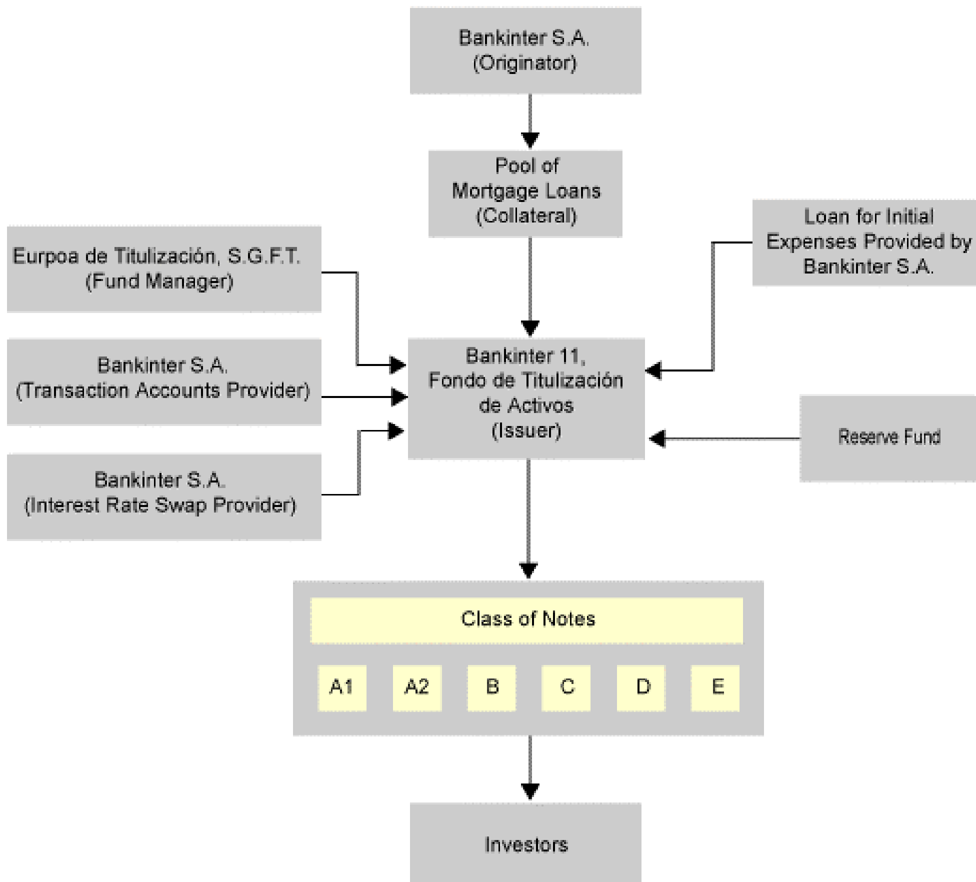
Mitigating factors

- Standard & Poor's analysis of the portfolio has taken into account both the lack of default information and the characteristics of the Hipoteca SIN product, which are in all cases subject to Bankinter's approval.
- The available margin has been stressed in Standard & Poor's cash flow analysis.
- The presence of any regional concentrations has been taken into account in Standard & Poor's analysis of the portfolio.

Transaction Structure

At closing, the originator will issue transmission certificates that will be purchased by Europea de Titulización SGFT, S.A., the trustee, on behalf of the issuer (see chart 1).

Bankinter 11, Fondo de Titulización de Activos Structure



Each mortgage participation certificate ("*participaciones hipotecarias*"*;* PHs) will represent, in equal amount and interest rate, the mortgage loan to be securitized. The PHs correspond to the first draw of a credit line originated by Bankinter in its main course of business. The PHs will entitle Bankinter 11 to any rights and proceeds due under principal and interest on the credit line first draws.

The total outstanding amount of the mortgage loans to be purchased for the final pool is expected to be €887.5 million. To fund the purchase of collateral, Bankinter 11 will issue four classes of rated notes, classes A, B, C, and D. The class A notes will in turn be divided into two tranches of notes, the class A1 and class A2 notes. To fund the reserve fund, Bankinter 11 will issue the unrated class E notes on the issue date.

The collateral will be serviced by Bankinter, which will collect the amounts due under the mortgages. It will then transfer the collected installments weekly into the treasury account.

The issuer will enter into a basis swap agreement with Bankinter to hedge any basis risk resulting from the differences between the index on the mortgages in the pool and the reference interest rate of the notes. The fund will pay interest received from collateral. The swap counterparty will pay three-month EURIBOR.

On each quarterly interest payment date, the issuer will pay, in arrears, the interest due to the noteholders. To make the payments, the issuer will have as available funds the proceeds of the interest swap, interest earned on the transaction accounts, the reserve fund, and, if necessary, principal received under the mortgage loans and any other proceeds received in connection with the mortgage loans.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger will be implemented so that in a stressful economic environment the more senior notes will be amortized before interest on the subordinated classes of notes is paid (see *"Priority Of Payments"*).

Roles Of The Parties

Europea de Titulización SGFT, S.A. (fund manager or trustee equivalent)

The trustee is Europea de Titulización. The creation of the trustee was authorized by the Ministry of Economy and Treasury on Dec. 17, 1992. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the SPE will be managed by the trustee, which represents and defends the interests of the noteholders. The trustee, on behalf of the SPE, will enter into certain contracts (financial services agreements, a swap agreement, and a subordinated loan) needed to protect it against credit losses and liquidity shortfalls that are assumed to arise in connection with the holding of the PHs. In this transaction, the main responsibilities of the trustee are to create the SPE, issue the notes on behalf of the fund, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes and PHs, and organize the annual audit.

Bankinter 11 Fondo de Titulización Hipotecaria (fund or the issuer, SPE)

Bankinter 11 is a fund whose sole purpose is to purchase the collateral from Bankinter, to issue the notes, and carry on related activities. The issuer holds a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and the trustee.

Bankinter S.A. (originator, servicer, transaction accounts provider, and swap counterparty)

Bankinter, which ranks among the top 10 Spanish banks, was founded in 1965 as a joint venture between the former Banco de Santander and Bank of America. Since then, both banks have divested their participations and Bankinter's shares are widely held and publicly traded on the Madrid stock market. Bankinter focuses on three main areas: retail, wholesale corporate, and private banking.

Standard & Poor's met with Bankinter to review its ability to administer the mortgages and is satisfied that its procedures are adequate.

If the short-term rating on Bankinter falls below 'A-1', the trustee must take whatever action is necessary to maintain the then-current rating on the notes.

Collateral Description

As of Nov. 7, 2005, the provisional pool consisted of 6,630 amortizing mortgage loans secured by first-ranking mortgages over residential owner-occupied and second-home properties in Spain. The original LTV ratio of the loans can be up to 80%.

The product securitized is a flexible mortgage loan called Hipoteca SIN, which is effectively a flexible credit line. The main features of the product allow borrowers, with Bankinter's approval in all cases, to make further drawdowns on the loans, to take payment holidays, and to increase the term of their loans.

Hipoteca SIN flexible loans: additional draws

Borrowers may draw further on their lines up to the original amount they borrowed at the origination date. (Maximum LTV ratio is the original LTV ratio, which is a maximum of 80%). The initial and subsequent drawdowns made under the credit line are guaranteed by the underlying property.

The portion of the mortgage loans to be securitized is the first drawdown made under the credit line. Further drawdowns are treated separately but rank pari passu with the initial withdrawal.

The maximum amount to be drawn per loan is the lesser of:

- The positive difference between (i) the original drawn amount and (ii) the current amount; and
- The positive difference between (i) the original drawn amount multiplied by twice the percentage that the remaining life represents over the original term and (ii) the current amount.

Hipoteca SIN flexible loans: payment holidays

All the loans can have payment holidays, but only after the first three years of their life. There is a maximum of three monthly installment holidays (consecutive or not) per year. There is a maximum of three monthly installment holidays (consecutive or not) distributed across four years in every 10 years.

Pending and accrued interest will be paid at once when the payment holiday is finished and principal will be re-included in the outstanding balance of the loans.

Hipoteca SIN flexible loans: increasing the original term of the loans

The current maximum term of the loans is established at 35 years. It will be possible to increase the term of the loan at a rate of six months per year that has been paid, excluding the first two years. The installment will then have to be recalculated. The term may be extended to a maximum of 40 years.

Other characteristics of the loans

Other features of the mortgage pool include the following:

- Of the pool, 62.89% is concentrated in Madrid, Catalonia, and Andalucía (see chart 2).
- The pool was originated between 2002 and 2005. The weighted-average seasoning is 17 months, with 68.89% of the pool being originated more than 12 months ago (see chart 3).
- The weighted-average LTV ratio is 60.29%, the minimum 0.27%, and the maximum 79.46% (see chart 4).
- Of the pool, 0.81% represents mortgages over protected properties. This amount does not have an impact in the analysis.
- The pool consists of floating-rate mortgage loans that are indexed to one-year EURIBOR. Mortgages in the pool have a weighted-average margin over the floating rate of 47 bps. The weighted-average interest rate is 2.79%. In addition, (i) there are no caps or floors in the pool, and (ii) margins can be renegotiated down to a floor of a weighted-average margin of the pool of 40 bps: this is guaranteed in the transaction by Bankinter paying the difference in spread should the weighted-average spread be lower than 40 bps. Each individual loan will have a floor of 35 bps.

Chart 2

Geographical Distribution

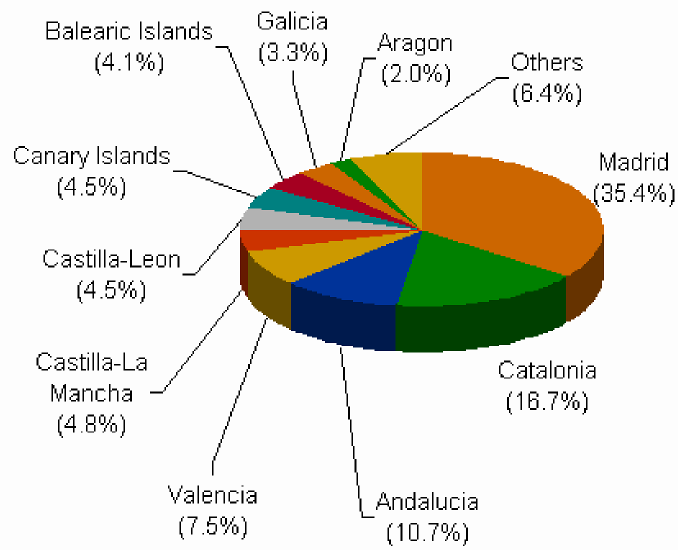
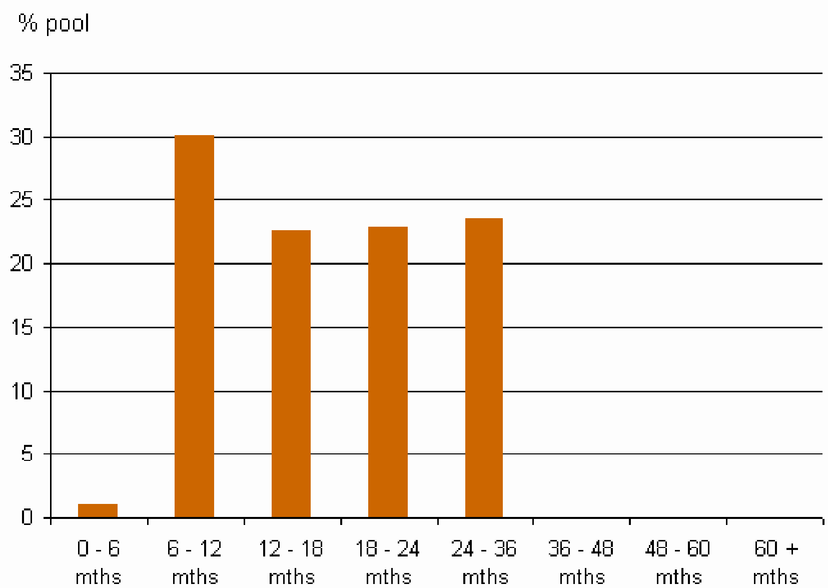
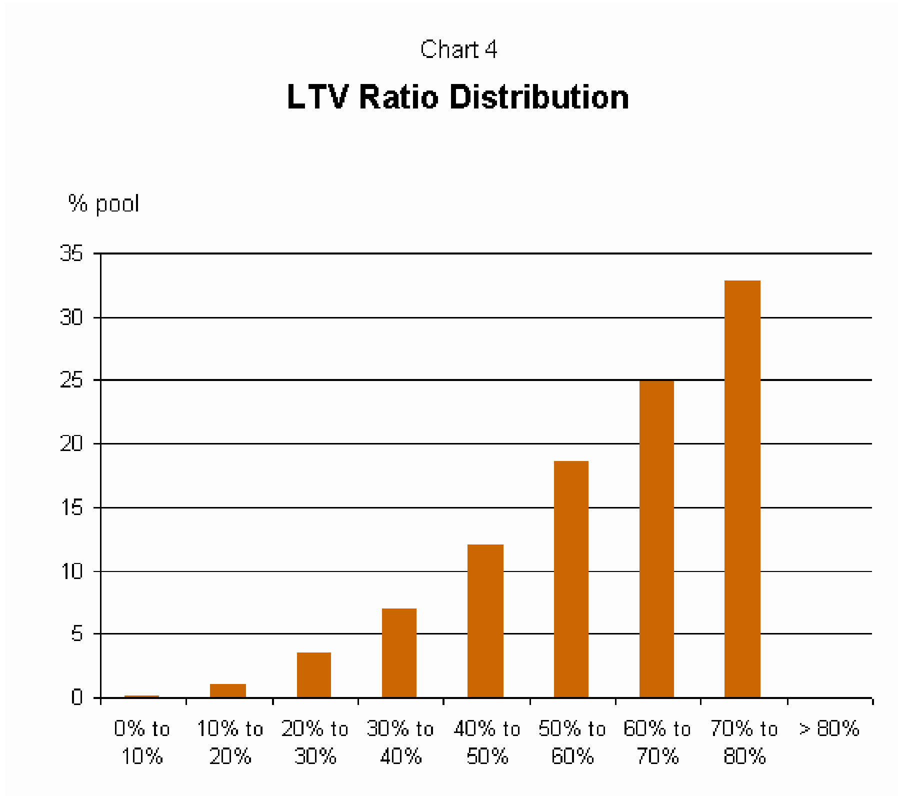


Chart 3

Seasoning Distribution





Collateral risk assessment

Standard & Poor's conducted a loan-level analysis to assess the credit risk of the pool of mortgages. The collateral risk assessment analyzed 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 WAFF and a WALS at each rating level. The product of WAFF and WALS 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.

Priority Of Payments

Payments on the notes will be made according to the priority of payments, namely to pay in the following order:

- Bankinter 11's ordinary and extraordinary expenses. This includes the fund manager fee, other fees for services, and a third-party servicing fee, if applicable (i.e., where Bankinter is replaced);
- Any swap settlement amount, other than a termination payment, for reasons of default by the swap counterparty;
- Class A1 and A2 interest;
- Class B interest, unless it is deferred;
- Class C interest, unless it is deferred;
- Class D interest, unless it is deferred;
- Class A1 and A2 principal;
- Class B principal;
- Class C principal;
- Class D principal;
- Class B interest, if deferred;
- Class C interest, if deferred;
- Class D interest, if deferred;
- Class E interest;
- Replenishment of the reserve fund;

- Class E principal;
- Swap termination payment resulting from default by the swap counterparty;
- Initial expenses subordinated loan interest;
- Initial expenses subordinated loan principal;
- Bankinter's servicing fee, if applicable; and
- A financial intermediation margin.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger will be implemented so that in a stressful economic environment the more senior notes will be amortized before interest on the subordinated classes of notes is paid.

The trigger will be reversible and will depend on the principal deficiency amount, which will be the positive difference between the scheduled amounts to be paid and the available amounts held at the fund. The deferral of interest will be as follows:

- Interest on the class B notes: if the principal deficiency is greater than 0.98x the sum of the outstanding balance of the class B, C, and D notes, the interest on the class B notes will be postponed later than the principal amortization.
- Interest on the class C notes: if the principal deficiency is greater than 0.81x the sum of the outstanding balance of the class C and D notes, the interest on the class C notes will be postponed later than the principal amortization.
- Interest on the class D notes: if the principal deficiency is greater than 0.69x the sum of the outstanding balance of the class D notes, the interest on the class D notes will be postponed later than the principal amortization.

Redemption of the notes

The notes will start amortizing on May 21, 2007. Until that date, all the amounts from the amortization of the notes will be deposited in an amortization account.

Unless early redemption occurs, the notes will be redeemed on Aug. 21, 2048 at the latest, which is more than 30 months after the maturity of the longest-term mortgage in the pool, taking into account the possibility of a larger term of the loans.

At any payment date, the amount of principal due under the notes (the amortization amount) will be calculated as the difference between the outstanding balance of the notes and the performing balance of the assets, which excludes loans more than 18 months past due and in arrears (considered as defaulted in this transaction). The notes will redeem sequentially, and if conditions are met, they will amortize pro rata.

At any payment date, the amount designated to amortize the class E notes will be the positive difference between the class E note amount at the determination date and the required reserve fund on the actual payment date.

Credit Structure

Cash collection arrangements

Collections will take place on a servicer account held at Bankinter. The funds will be transferred weekly to the treasury account, also held at Bankinter, but in the name of the issuer.

Before May 21, 2007, the amounts due to the amortization of the notes will be deposited in an amortization account held at Bankinter. On that date, these amounts will be transferred to the treasury account.

The treasury and the amortization accounts will both pay a guaranteed interest rate of 12-month EURIBOR.

Basis swap agreement

On behalf of Bankinter 11, the trustee will enter into a swap agreement with Bankinter. This will provide protection against adverse interest rate resetting and movements.

The issuer will pay the swap counterparty the interest on the performing balance of the assets. The issuer will receive three-month EURIBOR on the performing balance of the loans.

Reserve fund
The reserve fund will be fully funded on the issue date by the issuance of the class E notes. The reserve fund will be fixed for the first three years of the transaction. It will then amortize and be set as the minimum of either 2.8% of the outstanding balance of the mortgage-backed notes or half its amount at the issue date. It will not amortize if, on a previous payment date, it was not at its required minimum level, or if the arrears ratio (three months past due) is greater than 1%. It will be used to pay interest and principal on the notes if insufficient funds are available.

Subordinated loan
Bankinter will provide a subordinated loan on the closing date that will fund the initial expenses that will arise to constitute the fund.

Downgrade Language

Amortization and treasury accounts
If the short-term rating on Bankinter falls below 'A-1', then, as paying agent, it will have 30 days to either:

- Obtain a guarantee from an 'A-1' rated financial entity; or
- Substitute the treasury account provider with an 'A-1' rated financial entity.

If neither of the two above options is possible, it will invest the flow of funds in certain short-term debt. The total amount of 'A-1' rated investments should not represent more than 20% of the rated issue's outstanding principal amount and each investment should not mature beyond 30 days. Investments in 'A-1+' rated securities should not mature beyond 90 days. Either option is subject to Standard & Poor's confirmation.

If none of the above options are possible, it must obtain from the financial agent or a third party, collateral security in favor of the fund on financial assets with a credit quality of not less than that of Spanish state government debt, in an amount sufficient to guarantee the commitments established in the financial services agreement.

Meanwhile, if the amounts held at the treasury and the amortization accounts exceed 20% of the outstanding balance of the notes, the excess will have to be deposited in an account for excess funds held at an 'A-1+' rated entity.

Swap counterparty
If Bankinter, as swap counterparty, is downgraded below 'A-1', it has 30 days either to find a substitute with a short-term rating of at least 'A-1', to find a guarantor with a short-term rating of at least 'A-1', or post collateral complying with Standard & Poor's requirements.

If the rating on the swap counterparty is lowered below 'BBB-', it would have 10 days to be substituted by a new counterparty rated at least 'A-1'.

Standard & Poor's Stress Test
Standard & Poor's analysis included a conservative assessment of the credit risk inherent in the transaction. The credit enhancement levels were 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 on the pool to reflect the foreclosure frequency attached to specific assets and/or assets' location, and any terms and conditions that might increase or decrease credit risk. Standard & Poor's 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. The prepayment level, fees and expenses paid by the issuer, and delinquencies were the most important parameters stressed in all the runs.

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, supporting ratings will be monitored, pool cuts will be assessed, 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.

Some of the key indicators will be:

- Arrears levels, especially the cumulative ratio of loans that are three months past due; and
- The principal deficiency amount.

Criteria Referenced

- "*Legal Criteria For Structured Finance Transactions*" (published in April 2002).
- "*Criteria For Rating Spanish Residential Mortgage-Backed Securities*" (published in March 2002).

Related Articles

- "*Ratings Transitions 2004: Upgrades Outnumber Downgrades For First Time In European Structured Finance*" (published on Jan. 17, 2005).
- "*Stellar Growth In Spanish Securitization To Help It Maintain Europe's Number Two Slot*" (published in June 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.