BANKINTER 12, Fondo de Titulización Hipotecaria

RMBS / Spain

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of [•]. 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* ***provisional*** *ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.*

Estimated Closing Date

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PROVISIONAL (P) RATINGS

Class	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
A1	(P)**Aaa**	€[50]	[4.21%]	15 December 2043	3mE + [•]%
A2	(P)**Aaa**	€[1102.4]	[92.74%]	15 December 2043	3mE + [•]%
B	(P)**Aa3**	€[13.1]	[1.10%]	15 December 2043	3mE + [•]%
C	(P)**A3**	€[11.9]	[1.00%]	15 December 2043	3mE + [•]%
D	(P)**Ba1**	€[11.3]	[0.95%]	15 December 2043	3mE + [•]%
E	(P)**Ca**	€[11.3]	[0.95%]	15 December 2043	3mE + [•]%
Total		€[1200]	100.00		

The ratings address the expected loss posed to investors by the legal final maturity. [In Moody's opinion the structure allows for 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 have not been addressed, but may have a significant effect on yield to investors.

OPINION

Strengths of the Transaction

- Quality and experience of Bankinter as originator of mortgage loans
- Good quality of data provided
- No high LTV loans within the portfolio
- Reserve fund fully funded upfront through equity to cover potential shortfall in interest and principal
- Basis swap provided by Bankinter
- Excess spread-trapping mechanism through an "18-month artificial write-off" mechanism
- No flexible products being securitised – just plain vanilla mortgage loans
- 100% of the loans are paid via direct debit
- All the loans paid through monthly instalments

Weaknesses and Mitigants

- Excess spread is very tight. However, the credit enhancement has been sized accordingly
- Pro-rata amortisation of the B, C and D Series of notes leads to reduced credit enhancement of the senior class in absolute terms. This is mitigated by strict triggers which terminate the pro-rata amortisation of the notes as the performance of the transaction deteriorates.
- The deferral of interest payments on each of Series B, C and D benefits the repayment of the series senior to each of them, but increases the expected loss on Series B, C and D themselves. The reserve fund and the subordination have been sized accordingly to account for this deterioration on the expected loss.

STRUCTURE SUMMARY *(see page 3 for more details)*

Issuer:	BANKINTER 12 Fondo de Titulización Hipotecaria
Structure Type:	6 rated classes (From **Aaa** to **Ca** level), RF, and spread
Borrower:	BANKINTER (**Aa3**/**P-1**)
Seller/Originator:	BANKINTER (**Aa3**/**P-1**)
Servicer:	BANKINTER (**Aa3**/**P-1**)
Back-up Servicer:	N/A
Interest Payments:	Quarterly on 15 March, 15 June, 15 September, 15 December
Principal Payments:	Quarterly on 15 March, 15 June, 15 September, 15 December
Credit Enhancement/Reserves:	Reserve fund fully funded up front with the proceeds through issuance of class E
Liquidity Facility:	N/A
Hedging:	Basis swap provided by Bankinter (**Aa3**/**P-1**)
[Fiscal Property Advisor]:	[•]
Principal Paying Agent:	BANKINTER (**Aa3**/**P-1**)
Security Trustee:	Europea de Titulizacion, S.G.F.T., S.A.
Note Trustee:	Europea de Titulizacion, S.G.F.T., S.A.
Arranger/Lead Manager:	BANKINTER (**Aa3**/**P-1**)

COLLATERAL SUMMARY *(see page 5 for more details)*

Loan Amount:	€1.323.775.176,81
Loans Count:	9218
Pool Cut-off Date:	February 13 2006
WA Original LTV:	61.91%
WA Current LTV:	59.39%
WA Seasoning:	12.29 months
WA Remaining Term:	313.01 months
Interest Rate Type:	2.99%
Geographic Diversity:	Madrid [31.39%], Cataluna [18.21%], Andalucia [11.56%]
Loan Purpose:	Acquisition/Renovation of first residence
Loan Size:	€143.607,63
Other:	[•]

TRANSACTION SUMMARY

No new product being securitised

Moody's has assigned the following ratings to six classes of Bankinter's 12 bonds. (P)**Aaa** to the A1 notes, (P)**Aaa** to the A2 notes, (P)**Aa3** to the B Notes, (P)**A3** to the C Notes, (P)**Ba1** to the D notes and (P)**Ca** to the E notes.

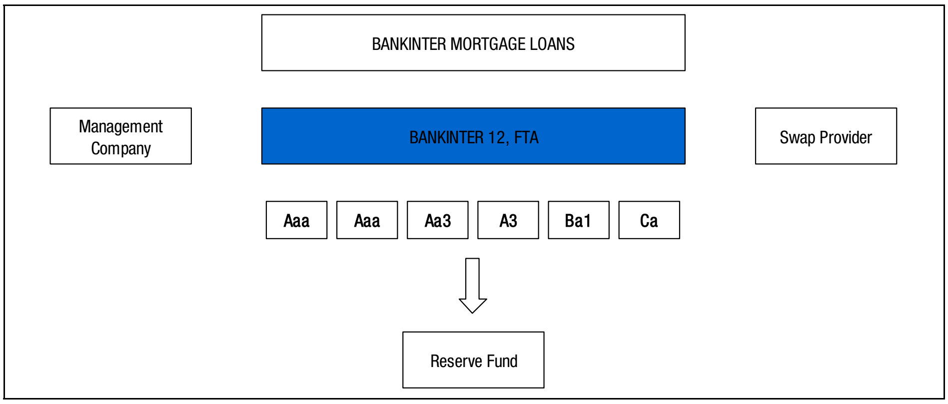
BANKINTER 12 comes to market with a revised capital structure – following the pattern of previous recent Spanish deals where the capital reserve is funded via a rated equity piece. In essence, the current structure of the six tranches remains the same as BANKINTER 11.

Structurally, the transaction consists of six rated classes – a senior tranche [**Aaa**]-rated Series, two mezzanine Series B rated [**Aa3**] and Series C rated [**A3**], a subordinated Series D rated [**Ba1**] and an equity tranche [**Ca**] for an equal amount to the reserve fund. The SPV will use the proceeds from the issuance of the notes to purchase the mortgage loans portfolio, as illustrated in the structure in this section. The total initial purchase price of the mortgage loans will be equal to the proceeds received from the issue of the rated Class A, Class B, Class C and Class D notes and the cash reserve will be funded with the proceeds from the Equity tranche.

The equity tranche will amortise for an equal amount to the difference between RF required amount in the previous payment date and the RF required amount in the current payment date.

STRUCTURAL AND LEGAL ASPECTS

Six tranche structure as previously seen in other BK deals



Soft Bullet Amortisation of A1 Tranche

Until the payment date falling on 15 June 2007, all funds available to the repayment of this series will be transferred to the amortisation account, creating an amortisation fund for the notes. Funds available under the amortisation account will be used for the repayment of the notes on the payment date falling on 15 June 2007. Should the amount available on this account not be sufficient to fully redeem the Class A1 notes, the outstanding principal remaining after such partial repayment will be repaid on a pass-through basis on the subsequent payment dates.

The negative carry created by the fund of the amortisation fund is compensated by the annual yield of the amortisation account, which equals the interest rate of the notes.

Moody's ratings address the expected loss posed to investors by the legal final maturity. The structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date (December 2043). The rating does not address full redemption of the Notes on the expected maturity date.

The Reserve Fund

At every point in time, the amount requested under the reserve fund will be the lesser of the following amounts:

1) [0.95]% of the initial balance of the notes
2) The higher of the following amounts:
   – [1.90]% of the outstanding balance of the A1, A2, B, C and D notes
   – [0.47]% of the initial balance of the notes

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

– The amount of mortgage credits more than three months and less than 18 months in arrears exceeds 1.00% of the outstanding balance of the portfolio
– The available amount under the reserve fund is not equal to the then required amount
– The weighted-average margin is equal to or less than [0.40]%

In addition, the reserve fund will not amortise during the first three years of the life of the transaction.

The Pro-Rata Amortisation

In order to protect the Series A2, Series A1 Notes will start amortising pro rata with Series A2 Notes when the outstanding amount of loans more than 90 days but less than 18 months past due is higher than 2.0% of the outstanding amount of the asset pool.

The risks introduced by pro-rata amortisation are mitigated by the following triggers:

– Series B Notes will start amortising pro rata with the Class A notes when they represent [2.204]% of the outstanding balance under the Series A1, A2, B, C and D notes.
– Series C Notes will start amortising pro rata with the Class A and B notes when they represent [2.002]% of the outstanding balance under Series A1, A2, B, C and D notes.
– Series D Notes will start amortising pro rata with the Class A, B and C notes when they represent [1.901]% of the outstanding balance under Series A1, A2, B, C and D notes

The pro-rata amortisation among the subordinated tranches will cease when:

Series B
The outstanding amount of loans more than 90 days but less than 18 months past due is higher than 1.5% of the outstanding amount of the asset pool
Series C
The outstanding amount of loans more than 90 days but less than 18 months past due is higher than 1.25% of the outstanding amount of the asset pool
Series D
The outstanding amount of loans more than 90 days but less than 18 months past due is higher than 0.75% of the outstanding amount of the asset pool

The available amount under the reserve fund is not equal to the then current 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.

The Swap

The transaction will include a basis swap by which the index reference rates on the assets (12M Euribor) are exchanged against the index reference rate on the notes (3M Euribor).

The Waterfall

On each quarterly payment date the Fondo's available funds will be applied in the following simplified order of priority:

1) Taxes, costs and fees, excluding servicing fees (except in the case of Bankinter being replaced as servicer of the loans)
2) Any amount due under the swap agreement and swap termination payment if the Fondo is the defaulting or the sole affected party
3) Interest payment to Series A1 and A2
4) Interest payment to Series B (if not deferred)
5) Interest payment to Series C (if not deferred)
6) Interest payment to Series D (if not deferred)
7) Principal payment to A1, A2, B, C, D
8) Interest payment to Series B (if deferred)
9) Interest payment to Series C (if deferred)

10) Interest payment to Series D (if deferred)
11) Replenishment of the reserve fund
12) Interest payment to the equity tranche
13) Amortisation of the Equity Tranche
14) Termination payment under the swap agreement (except if the Fondo is the defaulting or the sole affected party)
15) Junior expenses

The transaction will also have a post-enforcement waterfall and it is clearly stated that upon termination of the deal, the reserve fund will also be used for payment of the equity tranche principal.

Write-Off

The transaction structure for Classes A, B, C and D benefits from an "artificial write-off", which traps available excess spread to cover any losses. The principal due is the difference between the notes outstanding and the outstanding principal balance of the mortgage credits (performing mortgage credits plus mortgage credits less than 18 months in arrears).

Interest Deferral Trigger

CLASS B	CLASS C	CLASS D
a) The principal deficiency exceeds 98% of the outstanding balance of Series B, C and D b) Series A1 and A2 are not fully redeemed	a) The principal deficiency exceeds 81% of the outstanding balance of Series C and D b) Series A1 and A2, and Series B are not fully redeemed	a) The principal deficiency exceeds 69% of the outstanding balance of Series D b) Series A1 and A2, B and C are not fully redeemed

COLLATERAL

In line with previous Bankinter deals, good quality collateral

Moody's notes several features of the collateral for the transaction:

– Low LTV levels (CLTV = 59.39%)
– Original LTV levels (OLTV = 61.91%)
– Average loan / borrower = €143,000 (higher than former deals)
– Good geographic diversification: Madrid (31%), Cataluna (18%), Andalucia (11%), Valencia (11%)

Any renegotiation of the terms and conditions of the loans is subject to the *gestora*'s approval. Exceptionally, the *gestora* may authorise Bankinter to renegotiate the interest rate or maturity of the loans without requiring its approval. Moreover, the renegotiation of the maturity of the loans is subject to the following conditions:

1) The global initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool
2) The maturity of any loan cannot be postponed later than 12 December 2040
3) The frequency of payments cannot be decreased
4) The repayment system cannot be modified

In addition, if the weighted average margin of the loans is less than 0.40%, Bankinter has agreed to pay the fund the modified margin, for each revised participated loan, until the loan is repaid. However, no additional renegotiations are allowed once the weighted average margin on the loans falls below 0.35%.

With regards to actual collateral characteristics, the following charts portray the transaction's detailed characteristics:

Chart 1:
BK 12 - LTV Distribution

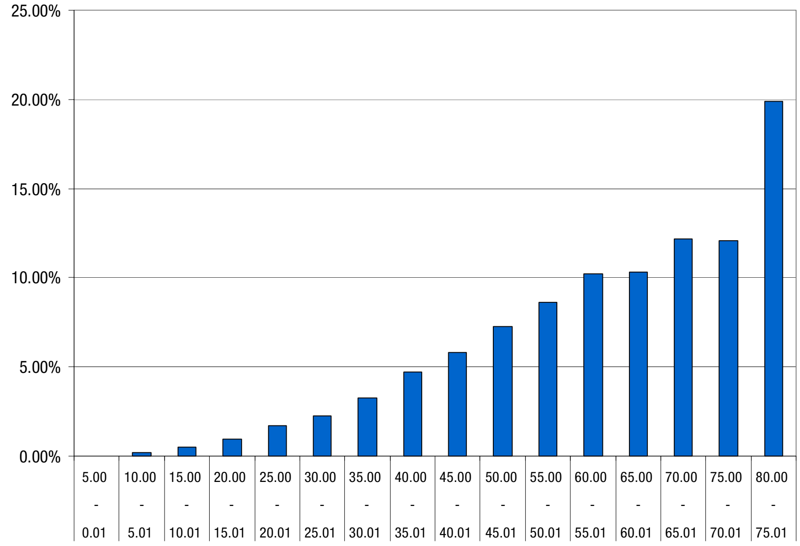


Chart 2:
BK 12 Regional Distribution

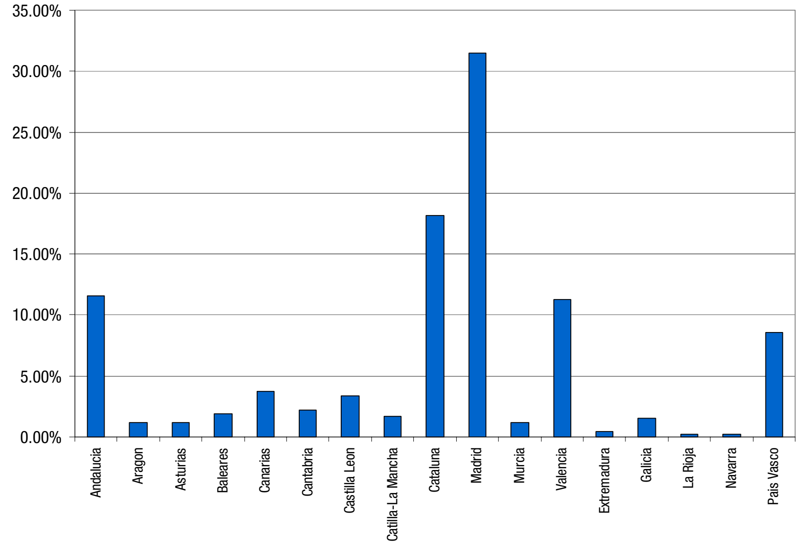


Chart 3:
BK 12 Distribution by Origination Date

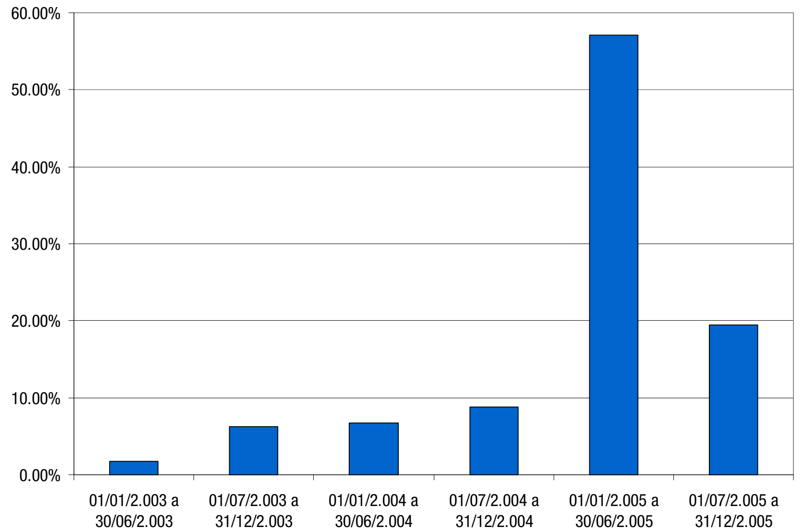
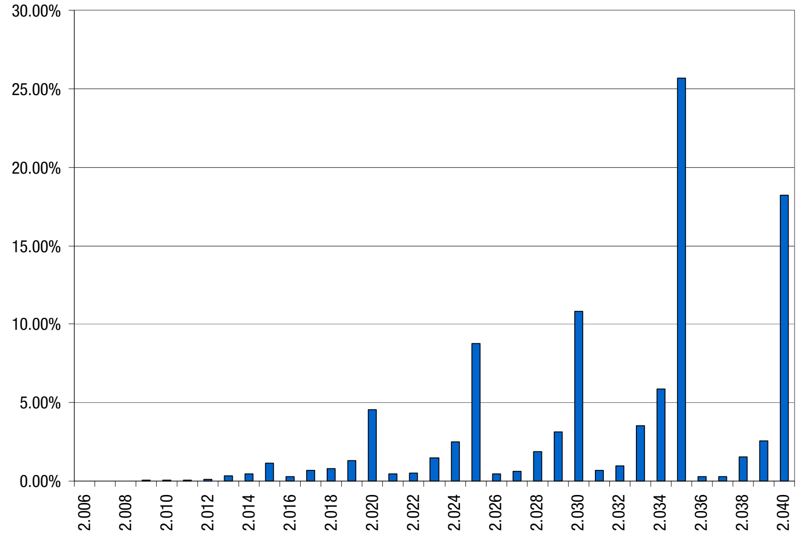


Chart 4:
BK 12 Distribution by Maturity Date



ORIGINATOR, SERVICER AND OPERATIONS REVIEW

BANKINTER as very strong originator and with a proven track record

Moody's **Aa3**/**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 increasing reliance on non-conventional channels to distribute 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 enable the bank to maintain a recurring earnings power above that of many of its larger peers. We believe that Bankinter's success – demonstrated by strong financial fundamentals – is underpinned by its flexible and agile commercial strategy, which is in turn based on technological leadership that allows it to react rapidly to market changes in a highly competitive environment.

MOODY'S ANALYSIS

Analysis has been made following MILAN and MARCO methodology

The prime determinant of the relative probability of default within a portfolio of mortgages is the level of borrowers' equity in their properties. A borrower is more likely to default on a property if the option to sell it and retain some profit diminishes. Therefore, and given the possibility that these mortgage credits have of enjoying an additional drawdown, the severity of the loans has been stressed in order to account for the possible additional redraw.

The first step in the analysis is to determine a loss distribution for the pool of mortgages to be securitised. Due to the high volume of mortgage credits and supporting historical data, to approximate the loss distribution Moody's uses a continuous distribution model – lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility associated with this expected loss. These parameters are derived from the Moody's Individual Loan Analysis ("MILAN") model.

In order to extrapolate expected losses for the loan pool, Moody's has compared the underwriting criteria of the originators with those of other mortgage originators in Spain.

Moody's thus determines a number representing the enhancement that would be required for a pool of mortgages to obtain a Aaa rating under highly stressed conditions. This enhancement number (the "Aaa CE number") is obtained by means of a loan-by-loan model.

The MILAN model looks at each loan in the pool individually and, based on its individual characteristics such as LTV or other identified drivers of risk, computes a benchmark CE number. This number assumes stressed recovery rates (through house price decline), interest rates and costs of foreclosure, as well as a stressed recovery time. The weighted-average benchmark CE number is then adjusted according to the positive and negative characteristics of each loan and to those of the pool as a whole in order to produce the Aaa CE number.

The Aaa CE number and the Expected Loss Number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses.

The standard deviation of the distribution is found by setting the probability of a loss greater than the expected loss that is consistent with the Idealised Expected Loss target of the Aaa CE number.

Once the loss distribution of the pool under consideration has been computed, a cash-flow model, Moody's Analyzer of Residential Cash-Flows ("MARCO"), is used to assess the impact of structural features of the transaction, such as the priorities of interest and principal and the related triggers, swap features and excess margins, liquidity mechanisms and the value of excess spread.

The sum of the loss experienced per note class in each scenario, weighted by the probability of such loss scenarios, will then determine the expected loss on each tranche and hence the rating, in line with Moody's target losses for each rating category.

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

Visit moodys.com for more details

For a more detailed explanation of Moody's rating approach to this type of transaction, similar transactions and performance data, please refer to the following reports:

1. SPECIAL REPORT: Moody's Approach to Rating Spanish RMBS: The "MILAN" model, March 2005
2. SPECIAL REPORT: Introducing Moody's Arrears Index for Spanish Mortgage-Backed Securities, March 2002.
3. 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.
4. SPECIAL REPORT: Structural Features in the Spanish RMBS Market Artificial Write-Off Mechanisms: Trapping the Spread, January 2004.
5. SPECIAL REPORT: Spanish RMBS Q3 2004 Performance Review, February 2005
6. BANKINTER 1 to 12 Pre-Sale reports + Performance Overviews

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