BANKINTER 13, Fondo de Titulización de Activos

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 October 2006. 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

27 November 2006

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PROVISIONAL (P) RATINGS

Class	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
A1	(P)**Aaa**	€85.00	5.48%	July 2049	3mE + [•]%
A2	(P)**Aaa**	€1,397.40	90.19%	July 2049	3mE + [•]%
B	(P)**Aa3**	€22.40	1.44%	July 2049	3mE + [•]%
C	(P)**A3**	€24.10	1.55%	July 2049	3mE + [•]%
D	(P)**Ba1**	€20.50	1.32%	July 2049	3mE + [•]%
E	(P)**Ca**	€20.60	1.33%	July 2049	3mE + [•]%
Total		€1,570	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 on Series A1, A2, B, C and D at par on or before the rated final legal maturity date, and for ultimate payment of interest and principal at par on or before the rated final legal maturity date on Series E. 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
– Reserve fund fully funded upfront 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
– Most of the loans paid through monthly instalments

Weaknesses and Mitigants

– Some high LTV loans are included in the portfolio (23.14% of portfolio with a LTV higher than 80%), thus increasing the default frequency for the portfolio.
– Around 12.5% of the pool is composed of second-lien mortgages.
– Low average pool spread (0.52%)
– 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 13 Fondo de Titulización Hipotecaria
Structure Type:	Senior / Mezzanine / Subordinated / Reserve Fund
Originator:	Bankinter (**Aa3**/**P-1**)
Servicer:	Bankinter (**Aa3**/**P-1**)
Back-up Servicer:	N/A
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	17 January, 17 April, 17 July, 17 October
Credit Enhancement/Reserves:	1.33% Reserve Fund
	Subordination of the notes
	Guaranteed Investment Contract (GIC) account
Liquidity Facility:	N/A
Hedging:	Basis swap provided by Bankinter (**Aa3**/**P-1**)
Principal Paying Agent:	Bankinter (**Aa3**/**P-1**)
Note Trustee (Management Company):	Europea de Titulizacion, S.G.F.T., S.A.
Arranger:	Europea de Titulizacion, S.G.F.T., S.A.
Arranger/Lead Manager:	Bankinter (**Aa3**/**P-1**)

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

Total Amount:	€1,646,990,741
Number of Contracts:	12,198
Pool Cut-off Date:	28th October 2006
WA Original LTV:	67.86%
WA Current LTV:	65.89%
WA Seasoning:	12.34 months
WA Remaining Term:	27.24 years
Interest Rate Type:	Euribor/Mibor (1 year)
Geographic Diversity:	Madrid 31.56%, Cataluña 18.35%, Andalucia 10.26%, Valencia 9.98%
Loan Purpose:	Acquiring a residential property for individuals resident in Spain
Loan Size:	€135,021
Delinquency Status:	No loans more than 30 days in arrears at the time of securitisation

NOTES

Class	**Subordination**	**Reserve Fund**	**Total**
A1	94.51%*	1.33%	95.84%
A2	4.32%*	1.33%	5.65%
B	2.88%*	1.33%	4.21%
C	1.32%*	1.33%	2.65%
D	0%*	1.33%	1.33%
E	0%	1.33%	1.33%

* *Subject to pro-rata amortisation triggers*

TRANSACTION SUMMARY

BANKINTER 13, FTA (the "*Fondo*") is a securitisation fund created with the aim of purchasing a pool of loans granted by Bankinter, which will continue to service them. The *Fondo* will issue five series of notes to finance the purchase of the loans (at par):

– A subordinated Series D, rated (P)**Ba1**

– A mezzanine Series C, rated (P)**A3**

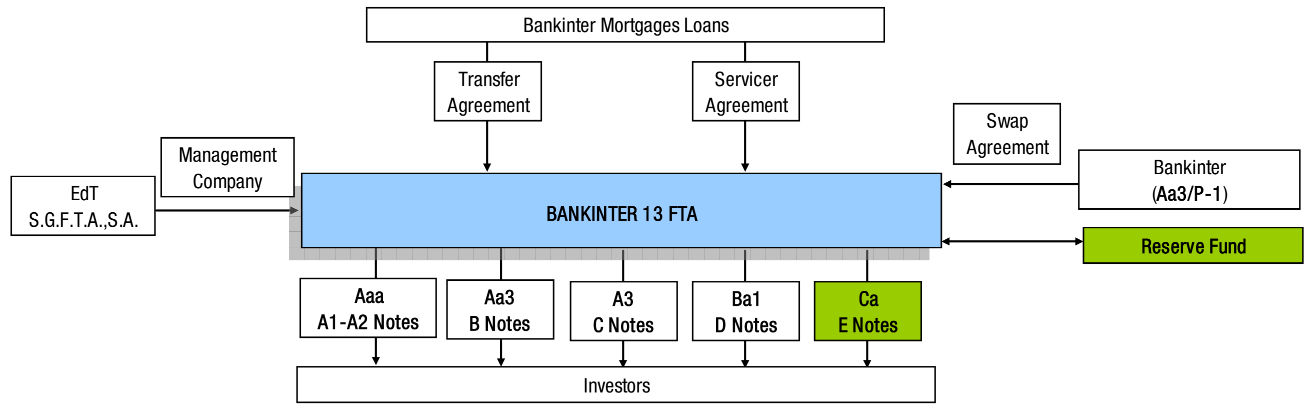
– A mezzanine Series B, rated (P)**Aa3**

– A senior tranche composed of two (P)**Aaa**-rated series: a subordinated Series A2 and a senior Series A1

Additionally, the *Fondo* will issue Series E Notes to fully fund the reserve fund up-front and will benefit from a €[•] million subordinated loan provided by the originators to cover the expenses of issuing the notes.

STRUCTURAL AND LEGAL ASPECTS

Chart 1:
Structure Chart



Six tranche structure as previously seen in other Bankinter deals

On each quarterly payment date, the *Fondo's* available funds (principal and interest received from the asset pool, the reserve fund, amounts received under the swap agreement, cash deposited in the treasury account and interests earned on such account) will be applied in the following order of priority:

The Waterfall

1. Cost and fees, excluding servicing fee (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 notes (if deferred)
9. Interest payment to Series C notes (if deferred)
10. Interest payment to Series D notes (if deferred)
11. Replenishment of the reserve fund
12. Interest payment to 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.

The Reserve Fund

The reserve fund is designed to help the Fondo meet its payment obligations and will be held at Bankinter. Initially fully funded with the benefits from the issuance of the Series E Notes, the reserve fund will be used to protect the series A1, A2, B, C and D Notes against interest and principal shortfall on an ongoing basis.

After the first three years of life, the reserve fund may amortised over the life of the transaction so that it amounts to the lesser of the following amounts:

- 1.33% of the initial balance of the series A1, A2, B, C and D notes
- The higher of:
  - 2.66% of the outstanding balance of the series A1, A2, B, C and D notes
  - 0.665% of the initial balance of the series A1, A2, B, C and D notes

However, the amount requested under the reserve fund will not be reduced on any payment date on which either of the following scenarios occurs:

- The arrears level (defined as the percentage of non-written-off loans that are more than 90 days in arrears) exceeds 1%.
- The reserve fund is not funded at its required level on the previous payment date.

The weighted-average margin is equal to or less than 0.376%

The payment of interest on Series B, C and D will be brought to a more junior position if, on any payment date, and for each of these series, the following conditions are met:

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

Amortisation

Until the payment date falling on 17 April 2008, all funds available to the repayment of the Notes will be transferred to the amortisation account, creating an amortisation fund. Funds available under the amortisation account will be used for the repayment of the notes on the payment date falling on 17 April 2008. Then the notes will start amortising pass-through (sequentially) on the subsequent payment dates unless any of the pro-rata conditions are met.

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 and their WA margin.

The Series E will amortise, on each payment date, for an amount equal to the difference between the outstanding amount of series E and the reserve fund required amount on the current payment date.

Pro-rata amortisation A-B-C-D

Series B, C, D will start amortising pro-rata with Class A when 50% of the issuance initial amount had been amortised. Nevertheless, amortisation of Series B, C and D will not take place on the payment date on which any of the following events occurs:

- The arrears level exceeds 1.50%, 1.25% and 0.75% for Series B, C and D, respectively.
- The reserve fund is not funded at the required level.
- The outstanding amount of the pool is lower than 10% of its initial amount.
- The conditions to amortise pro-rata Series A1 and A2 are met.

Pro-rata amortisation A1-A2

In order to protect the Series A2, Series A1 Notes will start amortising pro rata with Series A2 Notes if 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 non written off loans

The Swap

As in previous transactions, BANKINTER 13 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).

Principal due to the notes incorporates a 18-month "artificial write-off" mechanism

The transaction's structure benefits from an "artificial write-off" mechanism. This mechanism is implicit in the definition of the principal due under the notes, which is calculated as the difference between (1) the outstanding amount of the notes and (2) the outstanding amount of the non-written-off loans (the "written-off loans" being defined as those loans with any amount due but unpaid for more than 18 months (or earlier, if the debtor goes bankrupt or the management company considers that there are no reasonable expectations of recovery under each such loan)).

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 larger (the excess spread between the "artificial write-off" time and the "natural write-off" time would otherwise be lost). Therefore, the transaction makes better use of the excess spread, allowing for lower levels of other credit enhancement figures.

A principal deficiency will occur, on any payment date, if the issuer's available funds are not sufficient to reimburse the principal due under the notes, according to the cash flow rules stated above (the difference between these two amounts being the principal deficiency).

COLLATERAL

Collateral including second-lien mortgage loans

As of 28th October 2006, the provisional portfolio is composed of 12,198 loans (12,098 borrowers) for a total amount of € 1,646,990,741. The collateral backing the notes' issuance is composed of **first-lien and second-lien mortgage loans**, mainly granted for the purpose of acquiring a residential property for individuals resident in Spain, with the following main characteristics:

Table 1:

Avg. Loan (Property)	€135,021
Top 20 exposures	1.08%
WA interest rate	3.49%
WA margin	0.52%
Avg. seasoning	12.34 months
Avg. time to maturity	27.24 years
Regional diversification	Madrid (31.56%); Cataluña (18.35%); Valencia (9.98%); Andalusia (10.26%)
WA LTV	65.89% (including first lien mortgages for the second rank loans included in the pool)

The product being securitised it is a plain vanilla mortgage.

Chart 2:
LTV Distribution

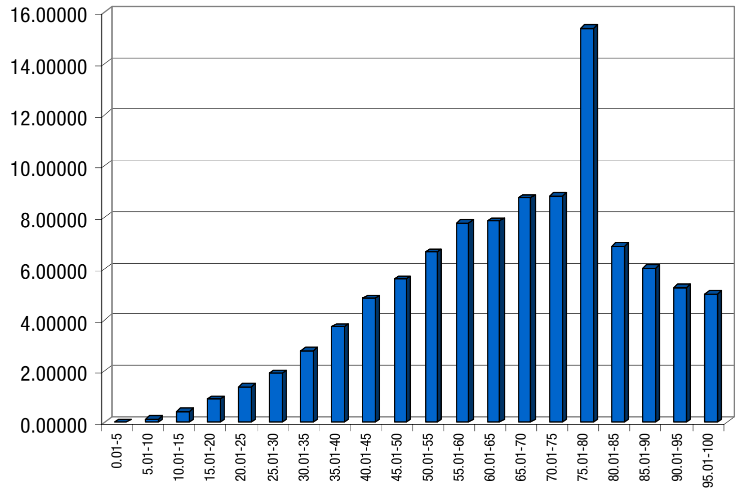
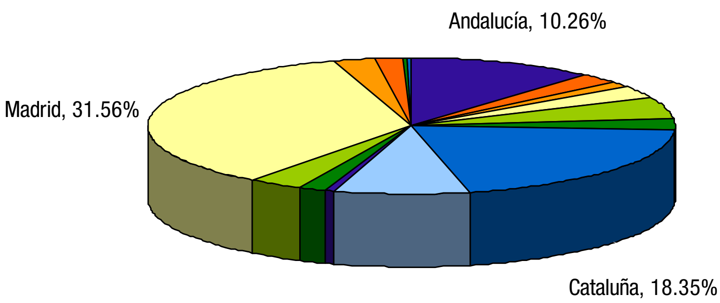


Chart 3:
Regional Distribution



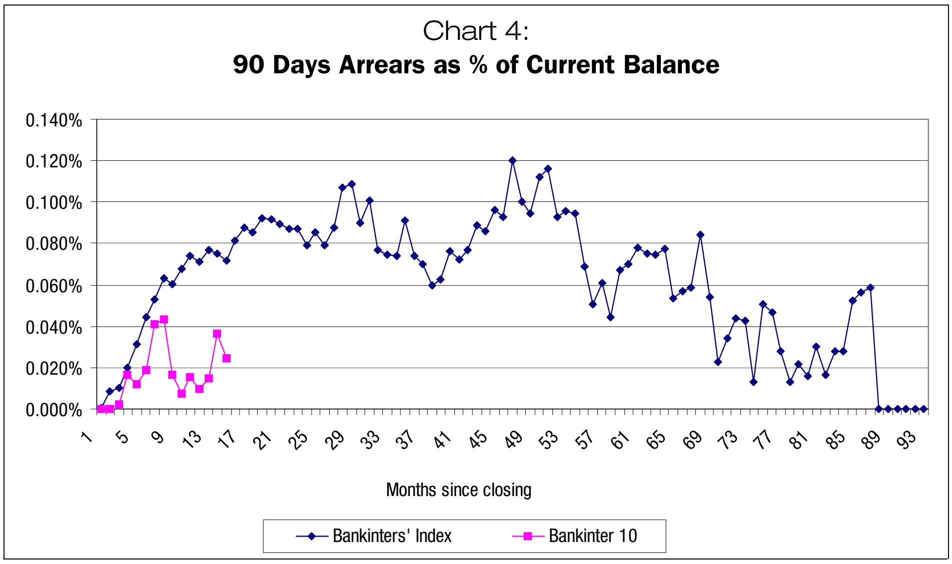
Renegotiation limits

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 maturity of any loan can not be extended beyond 21 June 2046
2. 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.
3. The frequency of payments cannot be decreased.
4. The repayment system cannot be modified.

Bankinter will not be able to renegotiate the interest rate of any loan if the weighted average interest rate of the pool falls below the index reference rate of the notes plus 0.35%. It is important to highlight that from 0.40% to 0.35% Bankinter would be putting down the difference.

Performance data on previous Bankinter transactions



Note: BANKINTER 10 it is the only previous deal of the series that includes second-lien loans.

ORIGINATOR, SERVICER AND OPERATIONS REVIEW

BANKINTER is a 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. For updated monitoring information, please contact monitor.rbms@moodys.com

RELATED RESEARCH

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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:

Special Reports

- Cash Flow Analysis in EMEA RMBS: Testing Structural Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290)
- Moody's Approach to Rating Spanish RMBS: The "MILAN" Model, March 2005 (SF49068)
- Spanish RMBS Q3 2004 Performance Review, February 2005 (SF50365)
- Structural Features in the Spanish RMBS Market Artificial Write-Off Mechanisms: Trapping the Spread, January 2004 (SF29881)
- 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 (SF21607)
- Introducing Moody's Arrears Index for Spanish Mortgage-Backed Securities, March 2002 (SF12700)

Pre-Sale Reports

- BANKINTER 10 Fondo de Titulización de Activos, June 2005 (SF57792)
- BANKINTER 12 Fondo de Titulización de Activos, March 2006 (SF70460)

Performance Overviews

- All previous BANKINTER transactions

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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