STANDARD & POOR'S

STRUCTURED FINANCE

Publication Date: March 28, 2007

Postsale Report: RMBS/Prime/Spain

Bankinter 14, Fondo de Titulización Hipotecaria

€964 Million Residential Mortgage-Backed Floating-Rate Notes

Analysts: Estela Prieto, Madrid (34) 91 788 72 04, estela_prieto@standardandpoors.com, Paloma Mateo-Guerrero, Madrid (34) 91 788 72 11, paloma_mateo-guerrero@standardandpoors.com, and José Ramon Torá, Madrid (34) 91-389-6955, jose_tora@standardandpoors.com
Surveillance analyst: Chiara Sardelli, Madrid(34) 91-389-6966, chiara_sardelli@standardandpoors.com
Group e-mail address: StructuredFinanceEurope@standardandpoors.com

Class	Rating*	Amount (Mil. €)	Available credit support¶ (%)	Interest	Legal final maturity
A1	AAA	172.7	5.46	Three-month EURIBOR plus 7 bps	Dec. 17, 2049
A2	AAA	566.6	5.46	Three-month EURIBOR plus 15 bps	Dec. 17, 2049
A3	AAA	172.7	5.46	Three-month EURIBOR plus 23 bps	Dec. 17, 2049
B	AA	14.1	3.98	Three-month EURIBOR plus 30 bps	Dec. 17, 2049
C	A-	14.2	2.49	Three-month EURIBOR plus 40 bps	Dec. 17, 2049
D	BB-	9.5	1.49	Three-month EURIBOR plus 250 bps	Dec. 17, 2049
E§	CCC-	14.2	N/A	Three-month EURIBOR plus 390 bps	Dec. 17, 2049

**Standard & Poor's ratings address timely interest and ultimate principal.*
¶This credit support uses current figures.
§The class E notes were issued to fund the reserve fund.
N/A—Not applicable.

Transaction Participants	
Originator	Bankinter S.A.
Arrangers	Bankinter S.A. and Europea de Titulización S.G.F.T., S.A.
Seller	Bankinter S.A.
Mortgage administrator/servicer	Bankinter S.A.
Security trustee	Europea de Titulización S.G.F.T., S.A.
Interest swap counterparty	Bankinter S.A.
Transaction account provider	Bankinter S.A.

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

Transaction Key Features*	
Closing date	March 23, 2007
Collateral	First-ranking residential mortgages
Principal outstanding (€)	1,027,114,428
Country of origination	Spain
Concentration	Madrid (26.70%), Catalonia (20.10%), and Andalucía (14.75%)
Property occupancy	96% owner occupied
Weighted-average LTV ratio (%)	60.38
Average loan size balance (€)	161,369
Loan size range (€)	2,562 to 860,482
Weighted-average seasoning (months)	15.3
Weighted-average asset life remaining (years)	28.56
Weighted-average mortgage interest rate (%)	3.89
Weighted-average margin at closing (%)	0.45
Arrears	No arrears for more than 30 days at closing
Redemption profile	Amortizing
Cash reserve (%)	1.5
Mortgage priority	100% first-lien
Maximum LTV ratio (%)	79.74
Percentage of jumbo loans (> €400,000)	7.14

**As of Jan. 27, 2007.*

Transaction Summary

Standard & Poor's Ratings Services has assigned credit ratings to the €949.8 million residential mortgage-backed floating-rate notes issued by Bankinter 14, Fondo de Titulización Hipotecaria, an SPE. At the same time, €14.2 million of class E notes were issued to fund the reserve fund.

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

Bankinter 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.

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.

In this transaction, Bankinter is securitizing, for the second time, part of its residential mortgage-lending product called Hipoteca SIN. The mortgage credit, mainly originated in Madrid, Catalonia, and Andalucía, represents first-ranking securities.

Bankinter 14 is a fund whose sole purpose is to purchase the collateral from Bankinter, to issue the notes, and carry out 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.

Notable Features

This is the 14th securitization of Bankinter's mortgage credit and the second one of the 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 mortgage credit.

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

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

Sectoral Credit Highlights

Spain's economic growth has consistently exceeded that of the Eurozone over the past six years and its population of 44 million has been boosted by a net inflow of over three million since the beginning of the century. These dynamic factors have translated into a boom in the construction sector and a sharp acceleration in house price inflation since the mid-1990s. In the eight years to 2005, Spanish house prices increased 114% in real terms.

Since the end of 2005, however, the Spanish housing market has been sending signals that, although conflicting, could point to the beginning of a slowdown. On the one hand, house price inflation, albeit still vigorous, has been edging down. The latest figures indicate that house prices grew by an annual 11.6% in the second quarter of 2006, compared with 12.5% and 17.0% for the same periods in 2005 and 2004, respectively. Mortgage growth has also started to decline, although it remains at a very high level (26% year-on-year in the second quarter of 2006). As interest rates continue to rise through the first quarter of 2007, it is reasonable to expect a marked slowdown in demand and house price inflation in 2007 and beyond.

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 60.38% and a weighted-average seasoning close to 1.3 years. • There is adequate credit enhancement for the target ratings. The cash reserve, which was fully funded upfront by the class E note issuance, and the excess spread are both available to cover any interest or principal shortfalls. • Bankinter has good servicing and securitization experience; this is its 14th RMBS transaction.

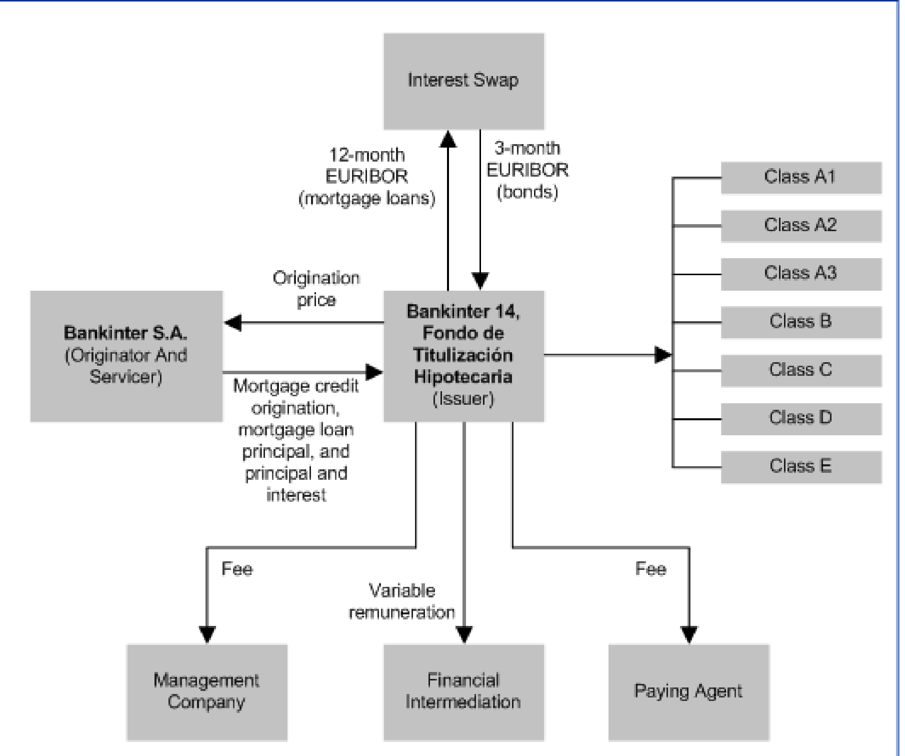
Concerns
• Hipoteca SIN flexible loans allow borrowers to take payment holidays, make further drawdowns, and increase the term of their mortgage credit. • The excess spread of the pool may decrease from its current margin of 45 bps because mortgage credit can be renegotiated at the borrowers' request. • The pool has geographical concentration: 61.55% of the pool is concentrated in Madrid, Catalonia, and Andalucía.

Mitigating factors
• Standard & Poor's analysis of the portfolio has taken into account the characteristics of the Hipoteca SIN product, which are in all cases subject to Bankinter's approval. • The available margin was stressed in Standard & Poor's cash flow analysis. According to the offering circular, margins can be renegotiated down to a floor of the weighted-average margin of the pool of 35 bps. This is guaranteed in the transaction by Bankinter paying the difference in spread if the weighted-average spread is lower than 40 bps. • Each mortgage credit is able to reduce its margin up to a floor of 35 bps. The weighted-average margin of the pool may not be lower than 40 bps. • 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 issued mortgage participation certificates ("*participaciones hipotecarias*"; PHs) that were purchased by Europea de Titulización S.G.F.T., S.A., the trustee, on the issuer's behalf (see chart 1).

Chart 1: Bankinter 14, Fondo de Titulización Hipotecaria Transaction Structure



Each PH represents, in equal amount and interest rate, the securitized mortgage credit. The PHs correspond to the first draw of a credit line originated by Bankinter in its main course of business. The PHs entitle Bankinter 14 to any rights and proceeds due under principal and interest on the credit line first draws.

The total outstanding amount of the mortgage credits purchased for the final pool was €949.8 million. To fund the purchase of collateral, Bankinter 14 issued five classes of rated notes. The class A notes are divided into three tranches of notes, the class A1 , A2, and A3 notes. To fund the reserve fund, Bankinter 14 will issue the rated class E notes on the issue date.

The collateral is serviced by Bankinter, which collects the amounts due under the mortgages. It then transfers the collected installments weekly into the treasury account.

The issuer entered 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 on the notes. The fund pays interest received from collateral. The swap counterparty pays three-month EURIBOR.

On each quarterly interest payment date, the issuer pays, in arrears, the interest due to the noteholders. To make the payments, the issuer has 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 credit and any other proceeds received in connection with the mortgage credit.

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

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 are managed by the trustee, which represents and defends the interests of the noteholders. The trustee, on behalf of the SPE, entered 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.

Collateral Description

As of Jan. 27, 2007, the provisional pool comprised 6,365 amortizing mortgage credits secured by first-ranking mortgages over residential owner-occupied and second-home properties in Spain. The original LTV ratio of the mortgage credit is not currently as high as 80%, but can be up to 80%.

The securitized product is a flexible mortgage credit 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 mortgage credit, to take payment holidays, and to increase the term of their mortgage credit.

Hipoteca SIN flexible loans: additional draws

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

The portion of the mortgage credit 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 mortgage credit is the lower 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 mortgage credits 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 is paid at once when the payment holiday is finished and principal is re-included in the outstanding balance of the mortgage credit. No mortgage credit in arrears has the option of payment holidays.

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

The current maximum term of the mortgage credit is established at 35 years. It is possible to increase the term of the mortgage credit at a rate of six months per year that has been paid, excluding the first two years. The installment then has to be recalculated. The term may be extended to a maximum of 40 years. No mortgage credit in arrears has the option to increase the maturity.

Other characteristics of the mortgage credits

Other features of the mortgage pool include the following:

- Of the pool, 61.55% is concentrated in Madrid, Catalonia, and Andalucía (see chart 2).
- The pool was originated between 2003 and 2006. The weighted-average seasoning is 15.3 months, with 71.46% of the pool being originated more than 12 months ago (see chart 3).
- The weighted-average LTV ratio is 60.38%, the minimum 1.85%, and the maximum 79.74% (see chart 4).
- A portion of the pool may represent mortgages over protected properties, although only 1% of the mortgage credit with these characteristics was identified from the audited sample in the pool. It has been taken into account in the analysis.
- The pool comprises floating-rate mortgage credits that are indexed to one-year EURIBOR. Mortgages in the pool have a weighted-average margin over the floating rate of 45 bps. The weighted-average interest rate is 3.89%. In addition, there are no caps or floors in the pool, and margins can be renegotiated down to a floor of a weighted-average margin of the pool of 40 bps (this is guaranteed by Bankinter paying the difference in spread if the weighted-average spread is lower than 40 bps). Each individual mortgage credit has a floor of 35 bps.

Chart 2: Geographic Distribution

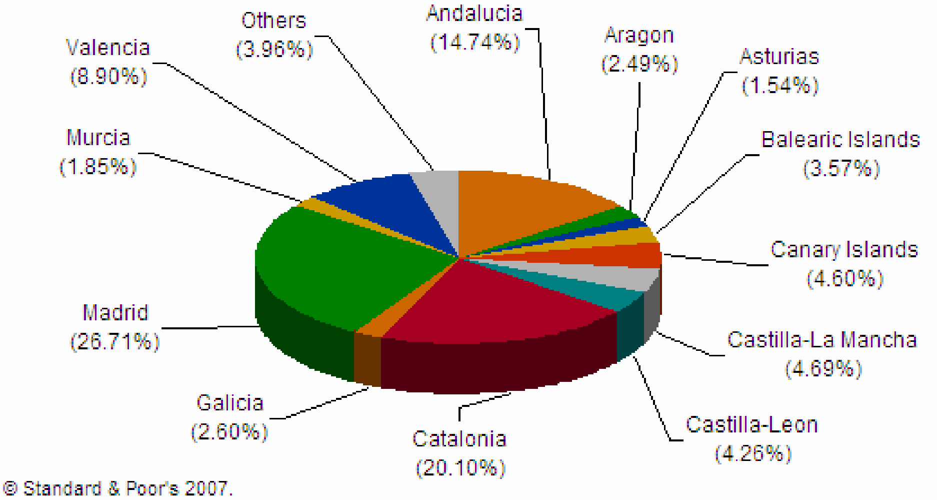
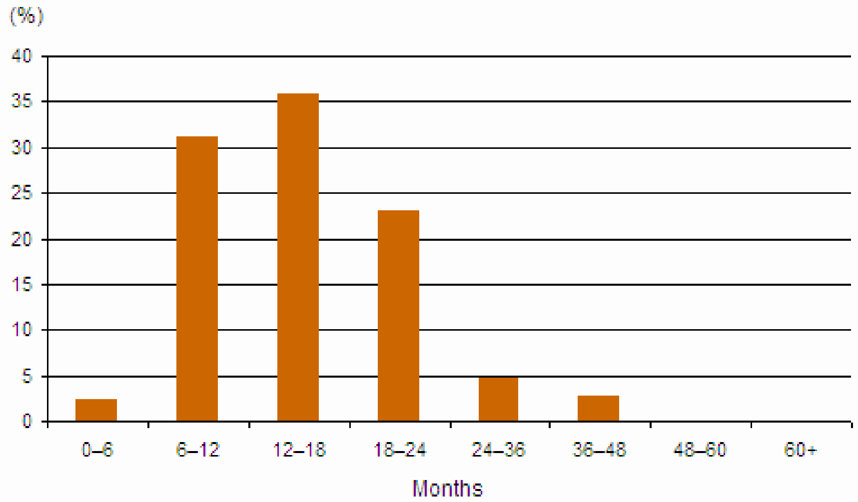
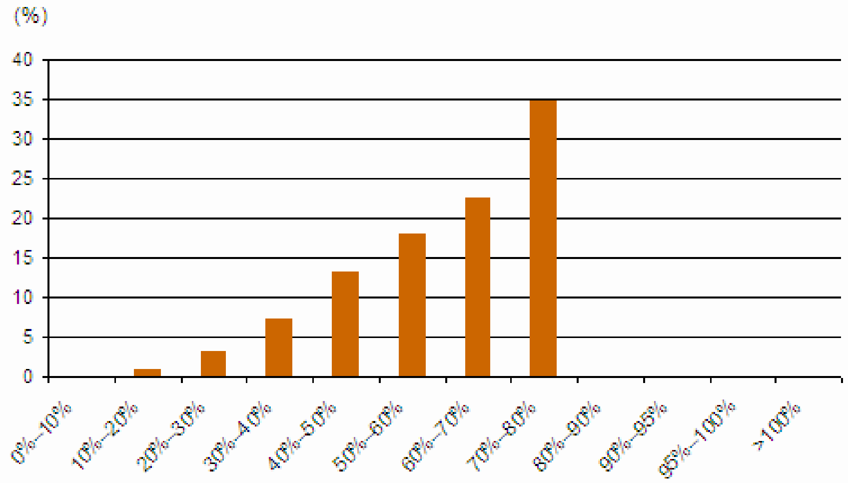


Chart 3: Seasoning Distribution



© Standard & Poor's 2007.

Chart 4: LTV Ratio Distribution



© Standard & Poor's 2007.

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 mortgage credit in the collateral pool. These depend on the characteristics of the borrower, the mortgage credit, and the rating on the notes. The potential loss associated with a mortgage credit 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.

Credit Structure

Transaction account and reserve account

Funds received at Bankinter due to interest and principal payments of the PHs are transferred to the treasury account in the fund's name seven working days after receipt.

The rest of the amounts (the reserve fund, the GIC margins, the subordinated loan for initial expenses, etc.) are directly deposited in the treasury account.

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

GIC and amortization account

Bankinter 14 has the amortization account and the treasury account held at Bankinter. Both have a guaranteed interest rate of three-month EURIBOR.

If maintaining the account with Bankinter adversely affects the ratings on the notes, the *sociedad gestora* will, within 30 days:

- Seek to obtain a guarantee from another entity with a minimum short-term rating of 'A-1';
- Transfer the account, under the most favorable conditions, to an entity with a minimum short-term rating of 'A-1'; or
- If neither of the above is possible, seek a pledge on short-term euro-denominated securities that carry a rating at least equal to the rating on Spanish public debt or will invest in short-term euro-denominated securities with an entity rated 'A-1+'.

Account for excess funds

If the credit quality of Bankinter adversely affects the rating on the notes, the funds held in the accounts with Bankinter in excess of 20% of the outstanding balance of the notes are transferred immediately to an 'A-1+' rated financial entity.

If the rating on the entity where the account for excess funds is held is lowered below 'A-1+', the trustee has 30 days either to find an 'A-1+' rated replacement entity, or obtain a guarantee from an 'A-1+' rated entity.

Reserve fund

A reserve fund of €14.2 million was fully funded at the issue date by the class E notes.

On each payment date the reserve fund must be kept at the lower of the original amount held at the reserve fund, or the maximum of (i) 2.98% of the outstanding balance of the notes or (ii) €10,447,800.

However, the reserve fund is not reduced if:

- The transaction is in the first three years of its life;
- The reserve fund is below its required level; or,
- The outstanding balance of the mortgage credits with any payment in arrears for more than 90 days is higher than 1% of the outstanding balance of the mortgage credits.

Basis swap agreement

On behalf of Bankinter 14, the trustee entered into a swap agreement with Bankinter. This provides protection against adverse interest rate resetting and movements.

The issuer pays the swap counterparty the interest on the performing balance of the assets. The issuer receives three-month EURIBOR on the performing balance of the notes.

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.

Priority of payments

There is a single priority of payments, mixing interest and principal. The pre-enforcement priority of payments is:

- Senior fees (including the administration fee if Bankinter is substituted);
- Termination cost of the swap due to the fund;
- Class A1, A2, and A3 interest;
- Class B interest, if not postponed;
- Class C interest, if not postponed;
- Class D interest, if not postponed;
- Class A1, A2, and A3 principal;
- Class B principal;
- Class C principal;
- Class D principal;
- Class B interest, if postponed;
- Class C interest, if postponed;
- Class D interest, if postponed;
- Reserve fund replenishment amount;
- Class E interest;
- Class E principal;
- Termination cost of the swap due to the counterparty;
- Interest on the start-up loan;
- Amortization of the start-up loan;
- Administration fee if Bankinter is the administrator; and
- The residual margin.

All interest and principal received can be mixed to pay principal and interest due under the notes. There is a trigger so that in a stressful economic environment the more senior notes are amortized before interest on the subordinated classes of notes is paid. The trigger is activated if the level of written-off mortgage credits reaches certain levels depending on the rating on the relevant class.

The trigger is as follows:

- Interest on the class B notes is postponed if the accumulated level of defaulted mortgage credits is over 8.9%;
- Interest on the class C notes is postponed if the accumulated level of defaulted mortgage credits is over 7.8%; and
- Interest on the class D notes is postponed if the accumulated level of defaulted mortgage credits is over 4.8%.

Defaulted mortgage credits are defined as mortgage credits in arrears for longer than 18 months.

Redemption of the notes

Except for the class A1 notes, the amortization of the notes starts on Sept. 17, 2008, 18 months after the issue date,. All amounts to be used for the amortization of the notes is deposited in the amortization account until that date when the total outstanding balance of this account is used to amortize sequentially the notes.

The principal on the notes is paid sequentially (the sum of the current principal outstanding on the notes minus the principal mortgage credits outstanding). The principal mortgage credit outstanding is the sum of principal of the collateral minus mortgage credits in arrears over 18 months.

The class A1, A2, and A3 notes amortize sequentially unless the performing balance of the pool plus the amounts in the amortization account (if any) is lower than the outstanding balance of the class A1, A2, and A3 notes.

The notes redeem sequentially unless some conditions are met for pro rata amortization of the class A, B, C, and D notes:

- The proportion of the class B, C, and D notes has doubled since closing;
- The reserve fund is at its required level;
- The outstanding balance of the mortgage credits in arrears for more than 90 days is lower than 1.50% of the outstanding balance of the pool for the class B notes or lower than 1.25% for the class C notes or lower than 0.75% for the class D notes; or
- The outstanding balance of the mortgages credits is greater than 10% of the original balance of the transaction.

Class E note amortization

On each payment date, the amount designated to amortize the class E notes is the difference between the required reserve fund at the previous payment date and the required reserve fund at this payment date.

If the clean-up call happens, the class E notes are fully amortized together with the other notes.

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 credit 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 regarding 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 regarding 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 is 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 are analyzed, supporting ratings are monitored, pool cuts are assessed, and regular contact is 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 are:

- Arrears levels, especially the cumulative ratio of mortgage credits that are three months past due;
- The principal deficiency amount;
- The total amounts held at Bankinter on the issuer's behalf; and
- Bankinter's credit quality.

Criteria Referenced

- "*Criteria For Rating Spanish Residential Mortgage-Backed Securities"* (published in March 2002).
- "*Cash Flow Criteria for European RMBS Transactions*" (published on Nov. 20, 2003).
- "*Methodology Behind European RMBS Indices*" (published on Nov. 8, 2004).
- "*European Legal Criteria for Structured Finance Transactions*" (published on March 23, 2005).
- "*Rating Affirmations And Their Impact On Investors*" (published on April 20, 2005).
- "*Servicer Evaluations Ranking Criteria*" (published on Sept. 21, 2004).

Related Articles

- "*Transition Study: 2006 Sees Upgrades Dominate For Third Successive Year In European Structured Finance*" (published on Jan. 10, 2007).
- "*European Structured Finance Performance Outlook 2007—Fundamental Risks Increasing, But Forecast For Ratings Remains Benign*" (published on Jan. 10, 2007).
- "*European RMBS H2 2006 Outlook Report: RMBS Continues To Dominate Funded Securitization Market*" (published on July 26, 2006).
- "*Assessment Of The Basel II Framework: Residential Mortgages*" (published on Sept. 28, 2006).
- "*Stellar Growth In Spanish Securitization To Help It Maintain Europe's Number Two Slot*" (published in June 2004).
- "*Spain H2 2006 Outlook Report: Increasing Maturity Of Spanish Securitization Reflected In Issuance Volume*" (published on July 27, 2006).
- "*European Banks Manage Capital Through Recent Mortgage Risk Transfers*" (published on Dec. 9, 2005).
- "*Sophistication Of Mortgage Credit Pricing To benefit European RMBS*" (published on Oct. 10, 2005).

All criteria and related articles are available on RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

Key Contacts	
SF Investor Hotline	(44) 20-7176-3223
Client Support Europe	(44) 20-7176-7176
Press Office Hotline	(44) 20-7176-3605 or media_europe@standardandpoors.com
Paris	(33) 1-4420-6657
Frankfurt	(49) 69-33-999-225
Stockholm	(46) 8-440-5914
Moscow	(7) 495-783-4017