BANKINTER LEASING 1, Fondo de Titulización de Activos

ABS – Leasing / Spain

Closing Date

26 June 2008

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DEFINITIVE RATINGS

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon
A	**Aaa**	€366.6	91.65	April 2031	3mE + 0.30%
B	**A3**	€21.4	5.35	April 2031	3mE + 0.50%
C	**Baa3**	€12.0	3.00	April 2031	3mE + 0.80%
Total		€400.0	100.00		

The ratings address the expected loss posed to investors by the legal final maturity. 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. 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 on Series A, B and C.

OPINION

Strengths of the Transaction

- Well diversified portfolio in terms of regional and industry concentrations (with a Real Estate exposure below 21%)
- The Real Estate Developer sector has been excluded.
- Good seasoning (2.1 yrs)
- Highly-rated originator.
- The residual value component of lease contracts is not securitised. As a consequence, investors are not exposed to any risk that the obligors will not exercise the residual option and that the residual value may be lost upon the originator's liquidation
- The originator will rank junior with respect to the Fondo by the amount due to the purchase option should the relevant lessee default
- Strict early amortisation triggers, which may stop the revolving period as soon as the percentage of non-written-off credit rights that are more than 90 days in arrears exceeds 1.50%, or there is not sufficient cash in the structure to fully fund the cash reserve
- Excess spread-trapping mechanism through a 12-month "artificial write-off"
- Cash reserve funded up front for an amount equal to 4.30% of the initial outstanding portfolio. This reserve provides both liquidity and credit protection to the notes.

Weaknesses and Mitigants

- Not very granular portfolio for a leasing deal with the largest exposure comprising 1.01% of the issuance amount. The default assumption takes this feature into account.

– Low amount of credit rights derived from real estate lease contracts compared with the amount of mortgage loans in a typical Spanish SME loan pool. The recovery assumption reflects this feature.
– A revolving period of up to seven payment dates could trigger a decline in the credit quality of the portfolio. This is mitigated by strict eligibility criteria with which any additional credit right must comply and by early amortisation triggers.
– Pro-rata amortisation of Series B and C leads to reduced credit enhancement of the senior series in absolute terms. This is mitigated by strict triggers which interrupt the pro-rata amortisation of the notes if the performance of the transaction deteriorates
– The interest deferral trigger on Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on Series B and C themselves. The reserve fund and the subordination have been sized accordingly to account for this deterioration on the expected loss.

STRUCTURE SUMMARY *(see page 4 for more details)*

Issuer:	BANKINTER LEASING 1, Fondo de Titulización de Activos
Structure Type:	Senior/Mezzanine/Subordinated floating-rate notes
Seller/Originator:	Bankinter (**Aa3**/**P-1**)
Servicer:	Bankinter (**Aa3**/**P-1**)
Interest Payments:	Quarterly on each payment date
Principal Payments:	Pass-through on each payment date
Payment dates:	15 January, 15 April, 15 July, 15 October
Credit Enhancement/Reserves:	4.30% reserve fund Subordination of the notes
Hedging:	Interest rate swap to cover interest rate risk
Interest Rate Swap Counterparty:	Bankinter (**Aa3**/**P-1**)
Paying Agent:	Bankinter (**Aa3**/**P-1**)
Note Trustee (Management Company):	Europea de Titulizacion, S.G.F.T., S.A.

COLLATERAL SUMMARY (AS OF CLOSING) *(see page 7 for more details)*

Receivables:	Credit rights derived from leasing contracts granted to Spanish corporates
Total amount:	€400 million
Number of Contracts:	6,507
Number of Borrowers:	4,271
Effective Number of Borrowers:	371
Top Borrower Concentrations:	Top borrower: 1.01%; top 10 borrowers: 7.84%
Geographic Diversity:	Madrid (26%), Catalonia (18%), Andalusia (11%), Valencia (12%)
Sector diversity:	Real Estate (21%), Personal Transportation (12%)
WA Remaining Term:	5.38 years
WA Seasoning:	2.1 years
Delinquency Status:	No credit rights more than 30 days in arrears included in the initial pool at the time of securitisation. No credit rights in arrears included in the additional pools.
Historical Loss Experience:	Default and recovery data provided covering the period from 1Q2002 to 1Q2008
Pool Audit?	Yes

NOTES

Series	Subordination	Reserve Fund	Total
A	8.35%*	4.30%	12.65%
B	3.00%*	4.30%	7.30%
C	0.00%	4.30%	4.30%

* *Subject to pro-rata amortisation triggers*

TRANSACTION SUMMARY

Cash securitisation of credit rights derived from leasing contracts granted to Spanish enterprises

BANKINTER LEASING 1, FTA ("the Fondo") is a securitisation fund created with the aim of purchasing a pool of credit rights (interest and principal, excluding the purchase option) derived from financial lease agreements, granted by Bankinter to Spanish enterprises.

The *Fondo* will issue three series of notes to finance the purchase of the credit rights (at par):

– A subordinated Series C, rated **Baa3**

– A mezzanine Series B, rated **A3**

– A senior tranche Series A, rated **Aaa**

Each series of notes is supported by the series subordinate to itself, a cash reserve (funded with a subordinated loan) and the pool/swap spreads. The swap agreement will also hedge the Fondo against the risk derived from having different index reference rates and reset dates on the assets and on the notes.

Other structural aspects are the pro-rata amortisation of the notes (provided certain conditions are met), a default definition equal to 12 months past due and the interest deferral trigger for Series B and C based on the cumulative amount of written-off credit rights.

Additionally, the *Fondo* benefit from an €0.45 million subordinated loan provided by the originators to cover the expenses of issuing the notes.

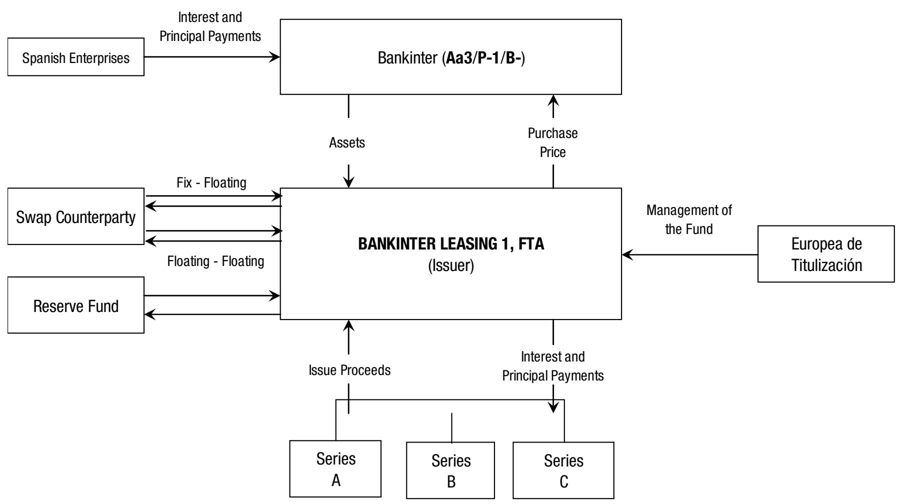
Moody's based the ratings primarily on: (i) an evaluation of the underlying portfolio of credit rights; (ii) historical performance information and other statistical information; (iii) the swap agreement hedging the interest rate risk; (iv) the credit enhancement provided through the GIC account, the pool/swap spreads, the cash reserve and the subordination of the notes; and (v) the legal and structural integrity of the transaction.

Moody's ratings address the expected loss posed to investors by the legal final maturity.

STRUCTURAL AND LEGAL ASPECTS

Standard capital structure, incorporating the following key features: a two-year revolving period, two swaps agreements, sequential amortisation of the notes and deferral of interest based on the accumulated amount of written-off credit rights

Chart 1:
Structure Diagram



Credit rights being securitised include only the interest and principal components of the financial lease contract

The periodic instalments paid by the lessee under a financial lease contract comprise three components: interest, principal and taxes. However, the credit rights acquired by the Fondo will constitute solely the interest and principal components, but excluding the principal associated with the purchase option (equal to the principal of the final instalment), which will remain on Bankinter's balance sheet. A legal concern arises with respect to the securitisation of the purchase option, given that this would make the Fondo the owner of the asset that is the object of the lease contract, and this would be in contradiction with the Spanish Securitisation Law, which only considers the ownership by an FTA of credit rights. In the event of a default of a lessee, an order of priority with respect to partial recoveries has been established between the Fondo and Bankinter, whereby the credit rights acquired by the Fondo will rank senior with respect to the purchase option. Although the purchase option represents a marginal value at the inception of the contract – especially for higher-term contracts such as real estate leases –the potential benefit derived from this order of priority would increase as the contract draws closer to its term. Finally, it is worth mentioning that, in the case where the leasing contracts are formalized under public deed and real estate leases are recorded with the Property Registry, the Spanish Insolvency Law confers a privileged character to those credit rights due and unpaid before the adjudication of the bankruptcy, in the sense that they will rank senior with respect to the proceeds arising from the execution of the underlying asset (in other words, the underlying asset plays a role similar to a real guarantee). The instalments that become due after the adjudication of the bankruptcy will be considered as credits against the insolvency estate.

Two swaps agreements: fix-floating and floating-floating.

To hedge the *Fondo* against the interest rate risk (potential mismatch derived from having different index reference rates and reset dates (as well as fixed-rate credit rights) on the assets and on the notes), it will enter into two swap agreements with Bankinter: fix-floating and floating-floating.

According to the **fix-floating swap agreement**, on each payment date:

– The *Fondo* will pay the interest received or not received (i.e. not paid by credits rights in arrears) from the fix rate credits rights of the pool (excluding the written-off credits rights)
– Bankinter will pay the weighted average interest rate on the notes for each period plus 30 bppa over a notional equal to the daily average of fix rate credit rights (excluding only the written-off credits rights)

According to the **floating-floating swap agreement**, on each payment date:

– The *Fondo* will pay the reference rate interest received or not received (i.e. not paid by credits rights in arrears) from the floating rate credits rights of the pool (excluding the written-off credits rights)
– Bankinter will pay the reference interest rate on the notes for each period over a notional equal to the daily average of floating rate credits rights (excluding only the written-off credits rights)

If Bankinter's long-term rating is downgraded below **A2**, or its short-term rating is downgraded below **P-1**, it will have to (i) collateralise its obligation under the swap for an amount sufficient to maintain the then current rating of the notes; or (ii) find a suitably rated guarantor or substitute. Any failure by Bankinter to comply with these conditions will constitute an event of default under the swap agreement.

GIC providing an annual interest rate equal to the index reference rate of the notes

The treasury account will be held at Bankinter. The proceeds from the credits rights, amounts received under the swap agreement and the reserve fund will be deposited in the treasury account.

Triggers are in place to protect the treasury account from a possible downgrade of Bankinter's short-term rating. Should Bankinter's short-term rating fall below **P-1**, it will have to perform one of the following main actions in the indicated order of priority within 30 business days:

– Find a suitably rated guarantor or substitute; or
– Transfer the treasury account to another **P-1** entity

Bankinter guarantees an annual yield of the amounts deposited in the treasury account equal to the index reference rate of the notes.

During the revolving period, any amount retained as principal due that is not used on a payment date for the acquisition of credit rights will be transferred to a special account held at Bankinter (namely, the principal account), subject to the same triggers as the treasury account. Bankinter guarantees an annual yield of the amounts deposited in the principal account equal to the weighted interest rate of the notes.

Reserve fund fully funded upfront to help the* Fondo *meet its payment obligations

The reserve fund is designed to help the *Fondo* meet its payment obligations and will be held at Bankinter. The reserve fund, initially fully funded with a subordinated loan, will be used to protect the Series A, B and C notes against interest and principal shortfall on an ongoing basis.

After the first two years of the transaction, the reserve fund may amortise over the life of the transaction so that it amounts to the lower of the following amounts:

– 4.30% of the initial balance of the Series A, B and C notes
– The higher of:
  - 8.60% of the outstanding balance of the Series A, B and C notes
  - 2.15% of the initial balance of the Series A, B and C notes

However, the amount required 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 credits rights that are more than 90 days in arrears) exceeds 1%
– The reserve fund is not funded at its required level

The pre-enforcement waterfall

On each quarterly payment date, the *Fondo's* available funds (amounts received from the asset pool, the reserve fund, amounts received under the swap agreement and interest earned on the transaction accounts) will be applied in the following simplified order of priority:

1) Costs and fees
2) Any amount due under the swap agreement and swap termination payment if the *Fondo* is the defaulting or affected party
3) Interest payment to Series A
4) Interest payment to Series B (if not deferred)
5) Interest payment to Series C (if not deferred)
6) Retention of an amount equal to the principal due under the notes
7) Interest payment to Series B (if deferred)
8) Interest payment to Series C (if deferred)
9) Replenishment of the reserve fund
10) Termination payment under the swap agreement (except in the cases contemplated in 2) above)
11) Junior payments and cash back to the originator.

In the event of liquidation of the *Fondo*, the payment structure will be modified with the sole aim of ensuring that any amount due to a series is repaid before any payment to a subordinated series is made.

Interest deferral mechanism based on the amount of written-off credits rights

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

– The accumulated amount of written-off credits rights since closing is higher than 10% and 6%, respectively
– The series senior to it is not fully redeemed.

Principal due to the notes incorporates a 12-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 (i) the outstanding amount of the notes (taking into account amounts withdrawn from the Spanish Treasury guarantee and the amounts deposited in the amortisation account); and (ii) the outstanding amount of the non-written-off credit rights (the "written-off credit rights" being defined as those credit rights with any amount due but unpaid for more than 12 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 credit rights 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).

Principal due allocation mechanism and revolving period

During the revolving period, the principal available funds will be used for the purchase of additional credit rights to Bankinter. This period will last until the payment date of April 2010, or, if earlier, upon the breach on a payment date of any of the early amortisation triggers, mainly:

i) An insolvency, failure to pay or bankruptcy in respect of Bankinter.

ii) The arrears level exceeds 1.5%.

iii) The accumulated amount of written-off credit rights since closing exceeds a target that is derived from the straight line interpolation between 0% and 1.5% of the initial amount of the pool.

iv) The cash reserve is not funded at the required level.

v) The outstanding amount of the non-written-off credit rights is less than:

vi) 90% of the outstanding amount of the notes after the purchase on the two previous payment dates.

vii) 80% of the outstanding amount of the notes after the purchase on the previous payment date.

viii) Bankinter ceases to be the servicer of the asset pool.

ix) There is a termination under the swap agreement and no replacement, guarantor or alternative solution is found within 15 days.

x) A change in the Spanish fiscal regulation which makes the sale of additional assets too cumbersome for Bankinter.

Credit rights to be acquired during the revolving period will be purchased at par and will have to comply with the eligibility criteria (see "Collateral" section). At any point in time, the outstanding amount of credit rights cannot be greater than €400 million.

Following the termination of the revolving period, the principal available funds will be used for the amortisation of the notes on a fully sequential basis and by order of seniority.

COLLATERAL

Pool of credit rights derived from financial lease contracts granted to Spanish enterprises

As of June 2008, the definitive portfolio comprised credit rights derived from 6,507 lease contracts and 4,271 borrowers, for a total amount of €400 million. The contracts (both the initial and the additional contracts) have been originated by Bankinter in its normal course of business, and comply with the following criteria:

– Debtors are not Bankinter employees or companies belonging to Bankinter's financial group
– The amount financed is equal to or lower than the asset purchase price (for movable assets) or the appraisal value (for real estate assets).
– The contracts have been granted to enterprises based in Spain.
– The contracts are repaid by direct debit and have paid at least one instalment.
– The contracts are not in arrears and the remaining life at the purchase date is over one year (just for the additional contracts)
– No contract will mature later than December 2027 (at least three years before the Legal Final Maturity Date)
– No contract incorporates deferred payments of interest or principal
– Obligors are committed to sign an insurance contract for the underlying asset at the time of the contract's origination.
– All the real estate leases relate to properties fully developed and situated in Spain.
– None of the contracts correspond to lease-back agreements

Bankinter guarantees that, as of the transfer date, none of the lease agreements will have been breached. Additionally, in the initial portfolio, there will be no amounts more than 30 days past due under any of the transferred credit rights.

Initial portfolio

The lease contracts have been originated between 1995 and February 2008, with a weighted average seasoning of 2.1 years and a weighted average remaining term of 5.38 years. The longest loan matures in December 2027.

The interest rate is floating for 81% of the pool and fixed for the rest, with a weighted average interest rate of 4.72% for the fixed-rate credit rights and a weighted average margin of 0.72% for the floating-rate credit rights. All the floating-rate credit rights are referenced to Euribor at different time horizons.

All of the contracts pay through monthly (95%), quarterly (3%) or semi-annually instalments (2%), and practically all of them (98%) follow the French amortisation style.

In terms of **underlying assets**, 27% of the contracts finance **real estate properties**, with a current weighted average loan-to-value of 74%. The rest of the contracts (73%) relate to **equipment** lease, with a weighted average loan-to-value of 68% and the following split:

Table 1:
Equipment Contracts breakdown by type

Type of equipment	%
Other machinery	39%
Transportation	31%
Construction machinery	28%
Other	2%

No information on the split between new and used assets is available.

Geographically, the pool is concentrated in Madrid (26%), Catalonia (18%), Andalusia (11%) and Valencia (12%). **Around 21% of the portfolio is concentrated in the "buildings and real estate" sector according to Moody's industry classification** (obtained through a mapping between the Spanish industry codes (CNAE) provided by the Spanish National Statistics Institute and the Moody's industry codes). However, the **Real Estate Developers have been excluded**.

Chart 2:
Portfolio Breakdown by Year of Origination

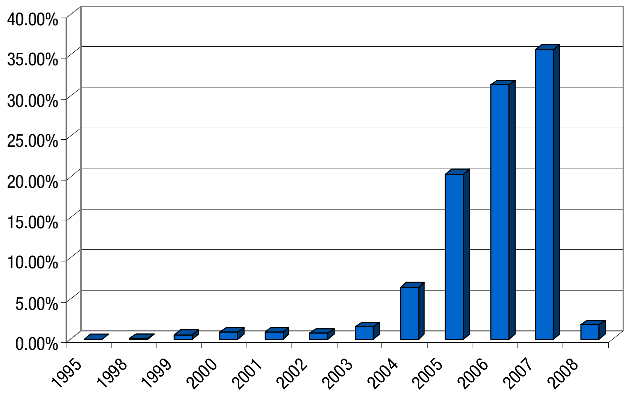


Chart 3:
Portfolio Breakdown by Year of Maturity

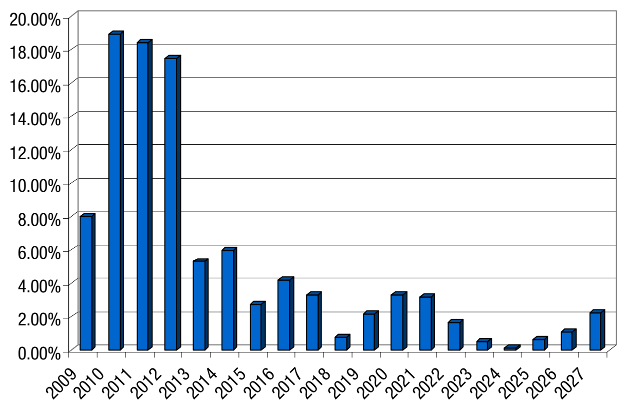


Chart 4:
Portfolio Breakdown by Type of Equipment

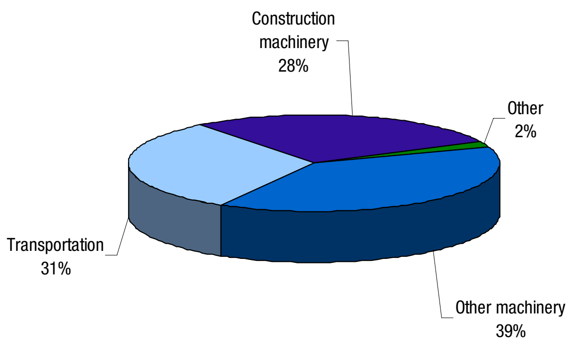
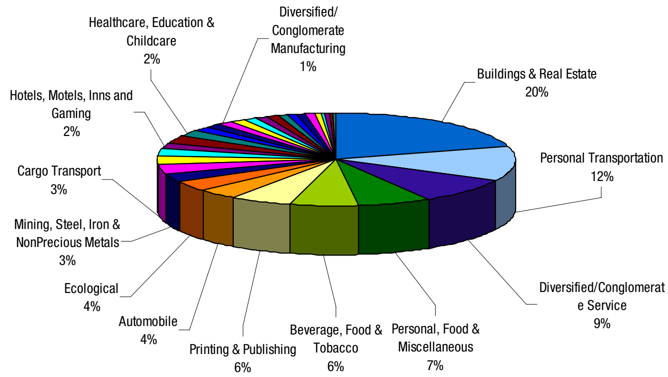


Chart 5:
Portfolio Breakdown by Industry Diversification



Eligibility criteria for the additional pools

In addition to the individual criteria mentioned above, the combination of the existing credit rights and the new credit rights will have to comply with the following criteria after each purchase date:

- A maximum debtor concentration of 1.10%
- A minimum amount of real estate leases equal to 25% of the outstanding balance
- A maximum remaining weighted average term of six years
- Debtors with the following characteristics must not exceed the indicated percentages over the total outstanding balance:
  - Representing more than 0.50% of the outstanding balance of the pool: 10%
  - Based in the same Spanish region: 32%.
  - Based in the three most represented Spanish regions: 67%
  - Belonging to the industry sector with CNAE code 70: 3.5%
  - Belonging to the industry sectors with CNAE code 70, 45, 26 or 14: 25%

Moreover, for the credit rights included in each additional pool a minimum weighted average seasoning of three months is required.

Limitations on renegotiation of both the interest rate and the maturity of the credit rights

The management company authorises the originator, in its role as servicer, to renegotiate the interest rate or the maturity of any loan without requiring its approval (although this authorisation can be revoked at any point in time during the life of the transaction). Some limitations have been put in place, the most significant of which are:

- The maturity of any loan cannot be extended beyond December 2027.
- The total initial amount of credit rights on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool.
- For fix rate credit rights, the weighted average interest rate can not be lower than 3.5%
- For floating rate credit rights, the weighted average margin can not be lower than 0.40%
- The frequency of payments cannot be decreased.
- The amortisation profile cannot be modified.

ORIGINATOR, SERVICER AND MANAGEMENT COMPANY

Bankinter's Aa3/P-1/B- ratings reflect the institution's solid credit fundamentals

Bankinter (Aa3/P-1/B-) **is Spain's fifth-largest banking group** but is relatively small compared with the country's largest players. Despite its smaller balance sheet size, Bankinter is a market pioneer in innovation and the advanced use of technology. Despite having less than a 1% share of domestic branches, Bankinter nonetheless holds a share of around 2.3% of loans and of customer funds among banks and savings banks and 3.56% of mutual funds. We believe that behind Bankinter's successful customer-driven business model - as demonstrated by its sound financial fundamentals and consistently solid performance across client segments and distribution channels - lies a flexible and responsive commercial strategy that is the result of (1) the bank's leading role in the use of technology and (2) a powerful customer relationship management (CRM) model integrating all of its distribution channels. These characteristics allow it to react rapidly to market changes in a highly competitive environment. In addition, Bankinter discloses quarterly a quality-of-service index that measures the performance of the bank against the sector - highlighting Bankinter's consistently outstanding performance in this area. **Bankinter has a solid nationwide franchise, good geographical diversification and high earnings stability**.

Bankinter is a key player in the high net-worth individuals segment and in SMEs. It is worth mentioning that Bankinter's corporate banking division also provides some degree of stability to the group's results given that its earnings are not market-related and given the high number of products per customer.

Servicer

Bankinter will act as servicer of the credit rights, and will transfer the proceeds from the credit rights to the treasury account within seven days of their being paid by the debtors. Nevertheless, if Bankinter's long-term rating falls below Baa3, it will have to transfer the borrower payments within a maximum period of one day, with the purpose of minimising the amount of the pool proceeds that fall into the servicer's bankruptcy estate (i.e.

commingling risk).

If the servicer fails to perform its obligations, is subject to Bank of Spain intervention, affected by an insolvency process or if the management company considers it appropriate, the servicer will be substituted or guaranteed in its role as servicer by a suitable institution.

Moody's believes that Bankinter is currently a capable servicer.

According to the documentation, the management company may require the originator, upon an insolvency process or because the management company considers it appropriate, to notify the transfer of the credit rights to the *Fondo* to the relevant debtors. If the originator fails to comply with this obligation within five business days, the notification would then be carried out by the management company.

Management Company

Europea de Titulización is a company with substantial experience in the Spanish securitisation market. Its obligations within the structure are guaranteed by its shareholders, with respect to their proportion of the holding. BBVA accounts for 84.45% of the capital of the *gestora* (trustee). The remainder is owned by 13 institutions, including JP Morgan (4%), Caja de Ahorros del Mediterráneo (1.54%), Bankinter (1.56%), Banco Sabadell (1.53%) and Citibank España (1.53%). Currently, Europea de Titulización carries out the management of 89 securitisation funds.

MOODY'S ANALYSIS

Table 2:
Modelling Assumptions

Mean default	2.5% - 3.0% for the initial pool 3.5% - 4.0% for the additional pools
Coefficient of Variation	70% - 75%
Recovery rate	50% - 60%
Recovery lag	2 years
Annualised prepayment rate	3% - 4%

Moody's used an inverse normal approach to derive the default distribution in the portfolio, accompanied with stochastic recoveries

Moody's has analysed this transaction using the rating methodology for European SME securitisations as described in the Rating Methodology reports "Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa", June 2007 and "Moody's Approach to Rating CDOs of SMEs in Europe", February 2007.

Given the number of assets and the size of the exposures in the portfolio (see section entitled Collateral), Moody's derived the default distribution curves by using the inverse normal density law. To determine such distribution, two main input parameters needed to be assessed: (i) the mean default probability of the portfolio, and (ii) the standard deviation of the default distribution

As regards the first item, Moody's determined a default contribution for each single entity, basing its analysis on (i) historical information received from the originator; (ii) statistical information from the Spanish Leasing market; (iii) performance of similar deals; and (iv) other qualitative and pool-derived aspects. The value tested as **mean default** was in the range of **2.5% - 3.0 for the initial pool** and in the range of **3.5% - 4.0% for the additional pools.**

As regards the second item, the standard deviation of the default distribution was determined assuming a fixed pairwise correlation parameter; the resulting **coefficient of variation (CoV)** was in the range of **70% - 75%**.

Chart 5:
Cumulative Gross default per Quarter of Origination

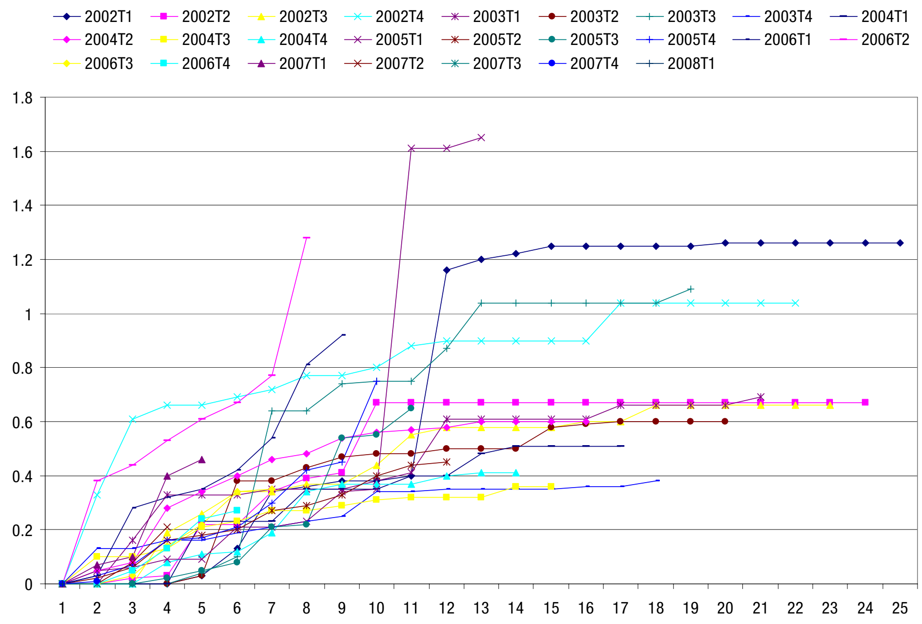
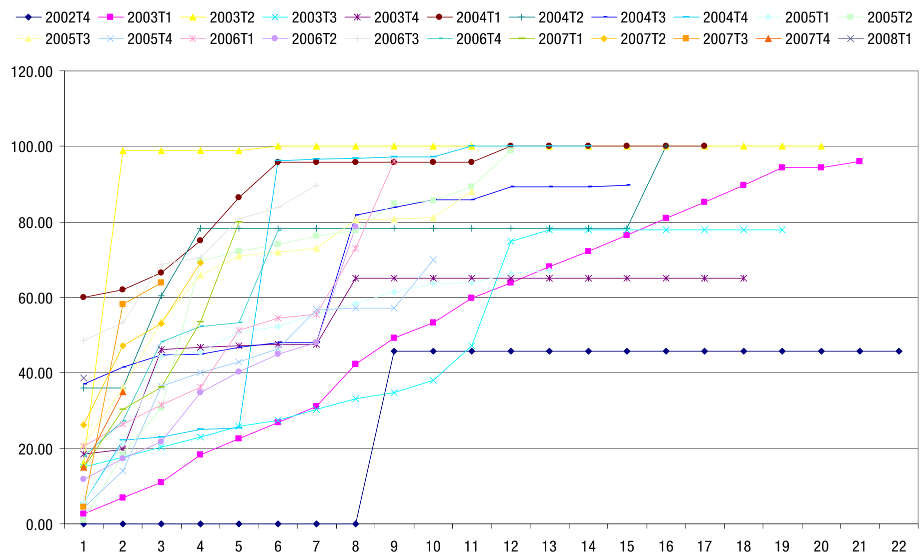


Chart 6:
Cumulative Recovery rates



The **timing of default** was assumed to be front-loaded and adjusted to the weighted average life of the pool. Sensitivity scenarios were run to check the strength of ratings with less likely back-loaded timing of default scenarios.

Recoveries were assumed to be normally distributed and correlated with default scenarios. Again, given available data, the distribution parameters were estimated based on (i) historical information received for this deal; (ii) statistical information from the Spanish Leasing market; (iii) Moody's statistical information for the EMEA SME and corporate market; (iv) mortgages and other type of guarantees in the portfolio; and (v) other qualitative and pool-derived aspects. The **mean** value assumed for the **recovery distribution** was in the range of **50% - 60%**, while the **standard deviation** was in the range of **20% - 25%**.

Assumptions for **prepayments** were also tested in Moody's quantitative analysis and partly derived from historical and statistical information, as well as qualitative assessments. The values tested were in the range of **3% - 4**%.

Cash-flow modelling in order to determine the rating of the notes

Moody's considered how the cash flows generated by the collateral were allocated to the parties within the transaction, and the extent to which various structural features of the transaction might themselves provide additional protection to investors, or act as a source of risk. In addition, Moody's ensured that the transaction is not affected by the bankruptcy of the originator or the servicer of the portfolio.

To determine the rating associated to each series of notes, Moody's used an expected loss methodology that reflected the probability of default for each series of notes times the severity of the loss expected for each series of notes. With this purpose, and in order to allocate losses to the notes in accordance with their priority of payment and relative size, Moody's built a cash-flow model that reproduced many deal-specific characteristics: the main input parameters of the model have been described above.

Weighting each default scenario's severity result on the notes with its probability of occurrence, Moody's calculated the expected loss level for each series of notes as well as the expected average life. Moody's then compared the quantitative values to the

Moody's Idealised Expected Loss table to determine the ratings associated with each series of notes.

Legal analysis

Moody's verifies that the legal documents correctly reflect the structure of the deal, as well as the assumptions made in its analysis.

RATING SENSITIVITIES AND MONITORING

The ratings of the notes depend on the portfolio performance and counterparty ratings

Europea de Titulización will, in its capacity as management company, prepare quarterly monitoring reports on the portfolio and on payments to the notes. These reports will detail the amounts received by the issuer during each collection period and will provide portfolio data.

The ratings of the notes depend on the portfolio performance and the ratings of the main counterparties. The **main performance triggers** in the transaction are the following:

- Interest deferral triggers on Series B and C (based on cumulative amount of written-off credit rights)
- Trigger to stop the reserve fund release (based on delinquencies)

Europea de Titulización has committed to provide Moody's with access to a website from which a report containing at least annual pool level performance and payments to the notes data can be obtained. Moody's considers the amount of data currently available on the website to be acceptable for monitoring collateral performance, though further improvements will be encouraged. If Moody's access to the website is curtailed or adequate performance information is not otherwise made available to Moody's, Moody's ability to monitor the ratings may be impaired. This could negatively impact the ratings or, in some cases, Moody's ability to continue to rate the Notes.

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

For updated monitoring information, please contact monitor.abs@moodys.com

RELATED RESEARCH

Visit moodys.com for further details

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions, please refer to the following reports:

Special Report

– Spanish SME Q3 2008 Index, November 2008 (SF148748)
– Information on EMEA SME Securitisations: Moody's view on granular SME loan receivable transactions and information guidelines, March 2007 (SF92748)
– Structural Features in the Spanish RMBS Market Artificial Write-Off Mechanisms: Trapping the Spread, January 2004 (SF29881)

Rating Methodologies

– Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa, June 2007 (SF90890)
– Moody's Approach to Rating the CDOs of SMEs in Europe, February 2007 (SF90480)
– FTPYMES: Moody's Analytical Approach to Spanish Securitisation Funds Launched Under Government's FTPYMES Programme", October 2003 (SF27063)
– Moody's Approach to Rating ith-to-Default Basket Credit-Linked Notes, April 2002 (SF13090)

Analysis

– Bankinter, S.A. November 2006 (100789) – see also Credit Opinion

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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