

PROSPECTUS

November 17, 2006

BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 1,570,000,000

Series A1	EUR 85,000,000	Aaa/AAA
Series A2	EUR 1,397,400,000	Aaa/AAA
Series B	EUR 22,400,000	Aa3/A
Series C	EUR 24,100,000	A3/BBB
Series D	EUR 20,500,000	Ba1/BB-
Series E	EUR 20,600,000	Ca/CCC-

Backed by pass-through certificates issued on mortgage loans by



BANKINTER

Lead Managers



Underwriters and Placement Agents

Calyon

Merrill Lynch International

SCH

Dexia Capital Markets

Fortis Bank

Placement Agent

BANKINTER

Paying Agent

BANKINTER

Fund established and managed by



Material Event concerning

BANKINTER 13 Fondo de Titulización de Activos

As provided for in the Prospectus for **BANKINTER 13 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On July 30, 2015, this Management Company notified a Material Event informing about the actual transfer of the Fund’s Treasury Account to SOCIÉTÉ GÉNÉRALE, Sucursal en España (“**SGSE**”), upon the signature of a new Guaranteed Interest Rate Account (Treasury Account) Agreement (the “**Treasury Account Agreement**”) by the Management Company, for and on behalf of the Fund, SGSE and BANKINTER, S.A., summing up the main terms of the aforementioned Treasury Account Agreement.
- On July 20, 2016, the parties to the Treasury Account Agreement have entered into an agreement amending but not terminating the Treasury Account Agreement in order, inter alia, to amend the yield terms of the Treasury Account effective from July 30, 2016.
- As a result of the aforementioned amendment agreement, the following section of the Fund Prospectus shall read as follows from July 30, 2016:

Section	Description
<p>3.4.4.1 Building Block Paragraph 2 (Treasury Account)</p>	<p>Positive balances, if any, on the Treasury Account will accrue daily interest at an annual nominal interest rate to be calculated based on the daily EONIA interest rate published by the Bank of Spain at its official site (the “EONIA”).</p> <p>If the difference between (i) the EONIA and (ii) a 0.05% margin, should be positive, interest shall be deemed to have accrued for the Fund, and the applicable interest rate shall be the interest resulting from subtracting a 0.05% (5 b.p.) margin per annum from the EONIA.</p> <p>If the EONIA should be above or equal to -0.06% and below or equal to 0.05%, no interest shall accrue for either Party.</p> <p>If the EONIA should be below -0.06%, interest shall be deemed to have accrued for the Treasury Account Provider and the applicable interest rate shall be the absolute value resulting from adding a 0.06% (6 b.p.) margin per annum to the EONIA.</p> <p>Interest shall be settled monthly and be calculated by SGSE based on a 365-day calendar year, and will be credited or charged to the actual Treasury Account on the first Business Day of the month after being settled. The calculation formula for obtaining the daily interest shall be as follows: daily balance on the Treasury Account multiplied by the relevant annual nominal interest rate, divided by 36,500.</p> <p>The yield provided for above may be reset by SGSE on July 30 of each year starting from July 30, 2017 (the “Reset Date”). The reset shall be notified by SGSE to the Management Company 60 days in advance of each Reset Date. The Management Company may decide to terminate the Treasury Account Agreement if it disagrees with the reset notified, effective as of the Reset Date, and SGSE shall transfer the amount credited to the Treasury Account</p>

Section	Description
	(together with interest, if any, accrued until the termination date) to the new treasury account opened in the name of the Fund specified by the Management Company.

Madrid, July 21, 2016

José Luis Casillas González
Attorney-in-fact

Paula Torres Esperante
Attorney-in-fact

Material Event concerning

BANKINTER 13 Fondo de Titulización de Activos

As provided for in the Prospectus for **BANKINTER 13 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On June 16, 2015, this Management Company notified a material event reporting that the Rating Agency Standard & Poor’s (“**S&P**”) had on June 9, 2015 downgraded the credit rating assigned to BARCLAYS BANK PLC, which circumstance was reported because BARCLAYS BANK PLC, Sucursal en España is the Fund’s counterparty under the Guaranteed Interest Rate Account (Treasury Account) Agreement and the Paying Agent Agreement.
- The Fund’s Treasury Account has been transferred, effective from today’s date, July 30, 2015, to SOCIÉTÉ GÉNÉRALE Sucursal en España (“**SGSE**”) following the signature, on July 24, 2015, of a new Guaranteed Interest Rate Account (Treasury Account) Agreement by the Management Company, for and on behalf of the Fund, SGSE and BANKINTER, S.A. and after duly notifying BARCLAYS BANK, PLC Sucursal en España as the former provider of the Fund’s Treasury Account. On the same effective date, SGSE has been designated Bond Paying Agent following the signature, on July 24, 2015, of a new Paying Agent Agreement by the Management Company, for and on behalf of the Fund, SGSE and BANKINTER, S.A. and after duly notifying BARCLAYS BANK, PLC Sucursal en España, as the former Paying Agent.

The ratings for SOCIÉTÉ GÉNÉRALE’s short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies are currently as follows:

	S&P	Moody’s
Short-term	A-1	P-1
Long-term	A	A2

- As a result of the new Agreements referred to above, the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
3.4.4.1 Building Block Paragraph 2 (Treasury Account)	SGSE shall pay to the Fund, through its Management Company, and in relation to the amounts credited to the Treasury Account, an annual nominal interest rate, floating daily and settled quarterly, other than for the first interest accrual period the duration of and interest settlement for which shall be based on the duration of that period, applicable for each Interest Accrual Period to the positive daily balances if any on the Treasury Account, equal to the higher of: (a) zero percent (0%); and (b) the interest rate resulting from decreasing (i) daily EONIA, (ii) by a 0.05% margin, transformed to an interest rate based on calendar years (i.e., multiplied by 365 or, if a leap year, by 366 and divided by 360). That interest rate will be in force until July 30, 2016. Interest shall be settled on the maturity date of each interest accrual period on each Determination Date of the Fund (the fourth (4 th) Business Day preceding each Payment Date), and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five (365-) day year or, if a leap year, a three-hundred-and-sixty-six (366-) day year. The first Treasury Account interest settlement date at SGSE shall be October 13, 2015.

Section	Description
	<p>In this connection, the EONIA (Euro Overnight Index Average) reference rate shall mean the effective overnight interest rate calculated as the weighted average of all overnight unsecured lending transactions in the interbank market, carried out within the European Union and in European Free Trade Association (EFTA) countries. The calculation is made by the European Central Bank and is set between 6:45 PM and 7:00 PM (CET), and is reported with two decimals. The EONIA reference rate used for these purposes shall be the rate posted at the EMMI (European Money Markets Institute) website, or other screens supplying the same information.</p>
<p>5.2.1 Securities note Paragraph 5 (Paying Agent Agreement)</p>	<p>In consideration of the services to be provided by the Paying Agent, the Fund shall pay it, during the term of the Agreement on each Bond Payment Date, a fee of EUR one thousand five hundred (1,500.00), inclusive of taxes if any, which shall fall due on each Payment Date and be paid on the same Payment Date provided that the Fund has sufficient liquidity and in the Fund's Priority of Payments, or, in the event, in the Liquidation Priority of Payments. Additionally, for each refund of withholding tax on the Management Company's instructions, the Paying Agent will receive from the Fund a EUR fifty (€50) fee, plus the amount of applicable taxes, if any. The withholding refund amount shall be billed, as the case may be, on a monthly basis by SGSE to the Fund.</p>

Madrid, July 30, 2015

Mario Masiá Vicente
General Manager

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This document is a prospectus (the “**Prospectus**”) registered at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*), as provided for in Commission Regulation (EC) No. 809/2004 of April 29, 2004 (“**Regulation 809/2004**”) and Royal Decree 1310/2005, and comprises:

1. A description of the major risk factors linked to the issuer, the securities and the assets backing the issue (the “**Risk Factors**”);
2. An asset-backed securities registration document, prepared using the outline provided in Annex VII to Regulation 809/2004 (the “**Registration Document**”);
3. A securities note, prepared using the outline provided in Annex XIII to Regulation 809/2004 (the “**Securities Note**”); and
4. A Securities Note building block, prepared using the block provided in Annex VIII to Regulation 809/2004 (the “**Building Block**”).

RISK FACTORS

1 Risks derived from the issuer's legal nature and operations.

a) Nature of the Fund and obligations of the Management Company.

The Fund is a separate fund devoid of legal personality and is managed by a management company, in accordance with Royal Decree 926/1998. The Fund shall be liable only for its obligations to its creditors with its assets.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998, and enforce Bondholders' interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders' interests shall depend on the Management Company's means.

b) Forced substitution of the Management Company.

In accordance with article 19 of Royal Decree 926/1998, where the Management Company is adjudged insolvent, it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an amortisation of the securities issued by the same, in accordance with the provisions of the Deed of Constitution and of this Prospectus.

c) Limitation of actions.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Mortgage Loan Obligors who may have defaulted on their payment obligations or against the Originator. Any such rights shall lie with the Management Company, representing the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against the Fund or against the Management Company in the event of non-payment of amounts due by the Fund resulting from the existence of default or prepayment of the Mortgage Loans, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties. Those actions shall be resolved in the relevant ordinary declaratory proceedings depending on the amount claimed.

d) Applicability of the Bankruptcy Act

Both BANKINTER and the Management Company may be declared bankrupt.

In particular, bankruptcy of BANKINTER could affect its contractual relationships with the Fund, in accordance with the provisions of Bankruptcy Act 22/2003, July 9 (the "**Bankruptcy Act**").

Specifically, the transaction involving the issue of the Pass-Through Certificates cannot be the subject of restitution other than by an action brought by the receivers of BANKINTER, in accordance with the provisions of bankruptcy laws.

In the event of BANKINTER being decreed in bankruptcy, in accordance with the Bankruptcy Act, the Fund, acting through the Management Company, shall have a right of separation with respect to the certificate or certificates representing the Pass-Through Certificates, on the terms provided for in articles 80 and 81 of the Bankruptcy Act. Moreover, the Fund, acting through its Management Company, shall be entitled to obtain from BANKINTER the resulting Pass-Through Certificate amounts from the date on which bankruptcy is decreed, for those amounts will be considered to be the Fund's

property, through its Management Company and must therefore be transferred to the Management Company, representing the Fund. This right of separation would not necessarily extend to the monies received and kept by BANKINTER on behalf of the Fund before that date, for they might be earmarked for bankruptcy, based on the most widespread construction of article 80 of the Bankruptcy Act for the time being in force, given the essential fungible nature of money. The means mitigating that risk are described in sections 3.4.4.1 (Treasury Account), 3.4.4.2 (Amortisation Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.2.1.2 (Collection management) of the Building Block.

In the event of bankruptcy of the Management Company, it must be replaced by another management company in accordance with the provisions of article 19 of Royal Decree 926/1998.

2 Risks derived from the securities.

a) Liquidity

There is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

There is no undertaking that any institution will be involved in secondary trading, giving the Bonds liquidity by offering consideration.

Moreover, the Fund may in no event repurchase the Bonds from Bondholders. Nevertheless, the Bonds may be fully subject to early amortisation in the event of Early Liquidation of the Fund, on the terms laid down in section 4.4.3 of the Registration Document.

b) Yield.

Calculation of the yield (internal rate of return) of the Bonds in each Series contained in section 4.10 of the Securities Note is subject, inter alia, to presumed Mortgage Loan prepayment and delinquency rates which might not be fulfilled, and future market interest rates, given the floating nature of the nominal interest rate of each Series.

c) Duration.

Calculation of the average life and duration of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to fulfilment of Mortgage Loan repayment and to assumed Mortgage Loan prepayment rates that may not be fulfilled. Mortgage Loan repayment performance is influenced by a number of economic and social factors such as market interest rates, the Obligors' financial circumstances and the general level of economic activity, preventing their predictability.

d) Late-payment interest.

Late interest payment or principal repayment to Bondholders shall under no circumstances result in additional or late-payment interest accruing to their favour.

e) Subordination of the Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A Bonds. Series C Bond interest payment and principal repayment is in turn deferred with respect to Class A and Series B Bonds. Series D Bond interest payment and principal repayment is in turn deferred with respect to Class A, Series B and Series C Bonds. Nevertheless, there is no certainty that these subordination rules shall protect Series A1, A2, B, C and D Bondholders from the risk of loss.

The subordination rules for the various Series are laid down in the Priority of Payments and in the Liquidation Priority of Payments of the Fund, in accordance with section 3.4.6 of the Building Block.

f) Rating of the Bonds.

The credit risk of the Bonds issued by the Fund has been rated by the following rating agencies: Moody's Investors Service España S.A. and Standard & Poor's España S.A.

The rating agencies may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice.

These ratings are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

g) Ratings not confirmed.

The failure by the Rating Agencies to confirm the provisional ratings given to the Bonds by the start of the Subscription Period shall be an event of termination of the establishment of the Fund and the Bond Issue.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Pass-Through Certificates.

Holders of the Bonds issued by the Fund shall bear the risk of default on the Mortgage Loans pooled in the Fund by means of the issue of the Pass-Through Certificates.

BANKINTER shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Mortgage Loans. BANKINTER is liable, to the extent provided for in article 348 of the Commercial Code, to the Fund exclusively for the existence and lawfulness of the Mortgage Loans on the terms and conditions declared in the Deed of Constitution, and for the personality with which the assignment is made. BANKINTER will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Pass-Through Certificates in that event that any of them or of the underlying Mortgage Loans should fail to conform, upon the Fund being established, to the representations contained in section 2.2.8 of the Building Block.

The Bonds issued by the Fund neither represent nor constitute an obligation of BANKINTER or the Management Company. No other guarantees have been granted by any public or private organisation whatsoever, including BANKINTER, the Management Company and any of their affiliated or associated companies.

b) Limited Hedging.

A high level of delinquency of the Mortgage Loans might reduce or indeed exhaust the limited hedging against Mortgage Loan losses that the Bonds in each Series distinctly have as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block.

The degree of subordination in interest payment and principal repayment between the Bonds in the different Series derived from their place in the application of Available Funds and from the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D in the Priority of Payments and the Liquidation Priority of Payments is a mechanism for distinctly hedging the different Series.

c) Pass-Through Certificate early amortisation risk.

There will be an early amortisation of the Pass-Through Certificates pooled in the Fund when Mortgage Loan Obligors prepay the portion of principal pending repayment, on the terms provided for in each Mortgage Loan deed. Similarly, there shall be an early amortisation of the Pass-Through Certificates in the event that BANKINTER should be substituted in the relevant Mortgage Loans by any other financial institution licensed to do so, subject to Mortgage Loan Subrogation and Amendment Act 2/1994, March 30, as currently worded, ("Act 2/1994") or in any other event having the same effect.

That early amortisation risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the provisions of the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D contained in section 4.9.3.6 of the Securities Note.

ASSET-BACKED SECURITIES REGISTRATION DOCUMENT

(Annex VII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. PERSONS RESPONSIBLE

1.1 Persons responsible for the information given in the Registration Document.

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), the company sponsoring BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors’ Executive Committee at its meeting held on October 16, 2006.

1.2 Declaration by those responsible for the contents of the Registration Document.

Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

2.1 Fund’s Auditors.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund has no historical financial information.

The Fund’s annual accounts shall be audited and reviewed every year by statutory auditors. The Fund’s annual accounts and their audit report shall be filed with the Companies Register and the CNMV.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the statutory auditor who is for that period of time to audit the Fund’s annual accounts, reporting that appointment to the CNMV. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods, observing in any event the laws in force on the subject.

2.2 Accounting policies used by the Fund.

Income and expenditure will be accounted for by the Fund in accordance with the accruals principle, i.e. in accordance with the actual flow represented by such income and expenditure, irrespective of when they are collected and paid.

The expenses of setting up the Fund and issuing the Bonds will be subject to a straight-line depreciation during the months elapsing since the establishment of the Fund until December 31, 2011, inclusive.

The Fund’s fiscal year shall match a calendar year. However, the first fiscal year will exceptionally begin on the date of establishment of the Fund and the last fiscal year will end on the date on which the Fund terminates.

3. RISK FACTORS

The risk factors linked to the issuer are described in section 1 of Risk Factors of this Prospectus.

4. INFORMATION ABOUT THE ISSUER

4.1 Statement that the issuer has been established as a securitisation fund.

The Issuer is an asset securitisation fund to be established in accordance with Spanish laws.

4.2 Legal and commercial name of the issuer.

The issuer's name is "BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BANKINTER 13 FTA
- BANKINTER 13 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "CNMV"). The Fund was entered in the Official Registers of the CNMV on November 17, 2006.

Companies Register

For the record, neither the establishment of the Fund nor the Bonds issued backed by its assets shall be entered in the Companies Register, in pursuance of the facultative authority for which provision is made in article 5.4 of Royal Decree 926/1998.

4.4 Date of establishment and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BANKINTER, originator (the "**Originator**") of the Mortgage Loans, shall proceed to execute on November 20, 2006 a public deed whereby BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANKINTER will assign to the Fund Mortgage Loans by means of the issue of Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus.

The Deed of Constitution may not be altered other than in exceptional events, provided that is permitted under the laws in force and subject to such statutory requirements as may be established. In any event, those actions shall require that the Management Company first notify or secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The amendment of the Deed of Constitution shall be notified by the Management Company to the CNMV and the Rating Agencies. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

The Fund shall commence its operations on the date of execution of the Deed of Constitution.

The Fund shall be in existence until July 17, 2049 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early

Liquidation of the Fund as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

4.4.3.1 Following notice served on the CNMV, the Management Company shall be entitled to proceed to an early liquidation (the “**Early Liquidation**”) of the Fund and thereby an early amortisation (the “**Early Amortisation**”) of the entire Bond Issue, in any of the following events (the “**Early Liquidation Events**”):

- (i) When the amount of the Outstanding Balance of the Mortgage Loans yet to be repaid is less than 10 percent of the initial outstanding balance upon the Fund being established, and provided that the payment obligations derived from the outstanding Bonds in each Series may be honoured and settled in full in the Liquidation Priority of Payments.

Payment obligations derived from the Bonds in each Series on the date of Early Liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of each Series on that date plus interest accrued and not paid until that date, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund’s operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) Mandatorily, in the event that the Management Company should be adjudged insolvent, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block to this Prospectus.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or to any unsubordinated credit or that it is about to occur.
- (v) Upon the lapse of thirty (30) months from the date of the last maturity of the Mortgage Loans, even if they still have overdue amounts.

4.4.3.2 The following requirements shall have to be satisfied to proceed to that Early Liquidation of the Fund:

- (i) That Bondholders be given not less than fifteen (15) Business Days’ notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company’s resolution to proceed to an Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agencies of that notice.
- (iii) The notice of the Management Company’s resolution to proceed to an Early Liquidation of the Fund shall contain a description (i) of the event or events for which an Early Liquidation of the Fund is effected, (ii) of the liquidation procedure, and (iii) of the manner in which the payment obligations derived from the Bonds are to be honoured and settled in the Liquidation Priority of Payments.
- (iv) That all necessary authorisations, if any, to do so shall have been obtained from the competent bodies.

4.4.3.3 In order for the Fund, through its Management Company, to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue, the Management Company, for and on behalf of the Fund:

- (i) Shall, notwithstanding the provisions of paragraph (iv) below, proceed to sell the Pass-Through Certificates remaining in the Fund for a price of not less than the sum of the principal value still outstanding plus interest accrued and not paid on the relevant Mortgage Loans.

- (ii) Shall proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Shall be entitled to arrange for a credit facility, with an institution whose short-term unsecured and unsubordinated debt obligations are rated at least as high as P-1 and A-1 respectively by Moody's and S&P, which shall be fully allocated to the early amortisation of the Series A1, A2, B, C and D Bonds the financial cost of which (interest and fees and expenses, if any) shall not be in excess of the average Nominal Interest Rate of Series A1, A2, B, C and D then outstanding weighted by the Outstanding Principal Balance of each of those Series. Accrued financial costs shall be paid and principal shall be repaid under that credit facility in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Pass-Through Certificates or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the Pass-Through Certificates and for the assets on offer which in its view covers the market value of the asset at issue. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

In events (i), (iii) and (iv) above, BANKINTER shall have a pre-emptive right on the terms established by the Management Company and will therefore have priority over third parties to acquire the Pass-Through Certificates and other assets remaining on the assets of the Fund, or to grant to the Fund, as the case may be, the credit facility designed for early amortisation of Series A1, A2, B, C and D Bonds then outstanding. The Management Company shall therefore send BANKINTER a list of the assets and of third-party bids received, and the latter may use that right for all of the Pass-Through Certificates and the assets offered by the Management Company or the credit facility within ten (10) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids.

- 4.4.3.4 The Management Company shall forthwith apply all the proceeds from the sale of the Pass-Through Certificates and the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility arranged for early amortisation of the Series A1, A2, B, C and D Bonds, which shall be applied to honouring the payment obligations of the Bonds in these Series.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Pass-Through Certificates pooled therein being fully amortised.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) At all events, upon the final liquidation of the Fund on the Final Maturity Date on July 17, 2049 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, subscription for the Pass-Through Certificates by the Fund and the Bond Issue.

Termination of the establishment of the Fund shall be notified to the CNMV as soon as such is confirmed, and shall be publicised by means of the procedure specified in section 4.1.3.2 of the Building Block. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a statutory declaration before a notary public declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the expenses of setting up the Fund payable with the Start-Up Loan, the agreement for which shall not be terminated but shall rather be cancelled after those amounts are settled, the repayment of principal being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on the Fund's behalf.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments to the various creditors by distributing the Liquidation Available Funds in the set Liquidation Priority of Payments, that remainder shall be for the Originator on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Mortgage Loans that are pending the outcome of legal or notarial proceedings instituted as a result of default by the Mortgage Loan Obligor, both their continuation and the proceeds of their termination shall be for the Originator.

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Fund's remaining assets have been liquidated and the Fund's Liquidation Available Funds have been distributed, in the Liquidation Priority of Payments.

Upon a period of six (6) months elapsing from liquidation of the Fund's remaining assets and distribution of the Liquidation Available Funds, the Management Company shall execute a statutory declaration before a notary public declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) how Bondholders and the CNMV were notified, and (iii) how the Liquidation Available Funds were distributed in the Liquidation Priority of Payments; notice of this shall be given in a nation-wide newspaper and all other appropriate administrative procedures will be observed. The Management Company will submit that statutory declaration to the CNMV.

4.5 Domicile, legal form and legislation applicable to the issuer.

In accordance with the provisions of article 1.1 of Royal Decree 926/1998, the Fund has no own legal personality, and Securitisation Fund Management Companies are entrusted with establishing, managing and legally representing those funds, and, as managers of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Funds they manage and of all their other ordinary creditors.

The Fund shall have the same domicile as the Management Company:

- Street: Lagasca number 120
- Town: Madrid
- Post Code: 28006
- Country: Spain
- Telephone: (34) 91 411 84 67

The establishment of the Fund is subject to Spanish Law and in particular is carried out pursuant to the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), (iv) Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose, (v) Commission Regulation (EC) No. 809/2004, April 29, 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, and (vi) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998; article 5.10 of Act 19/1992; article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5; article 20.One.18 of Value Added Tax Act 37/1992, December 28; article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30; article 45.I.B).15 of

Legislative Royal Decree 1/1993, September 24, approving the Consolidation of the Capital Transfer and Documents Under Seal Tax; article 16 of Royal Decree 3/1993, and additional provision five of Act 3/1994, the following are the characteristics of the current tax system of the Fund:

- (i) The establishment of the Fund is exempt from the “corporate transactions” item of Capital Transfer and Documents Under Seal Tax.
- (ii) The Bond issue is exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is subject to the general Corporation Tax system, determining the taxable income in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 35%.
- (iv) As for returns on the Pass-Through Certificates, loans or other credit rights constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (v) The Fund management and custody services shall be subject to and exempt from Value Added Tax.
- (vi) Transfer of the Pass-Through Certificates is exempt from Value Added Tax and Capital Transfer and Documents Under Seal Tax.

4.6 Issuer’s authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer’s principal activities.

The Fund’s activity is to acquire a set of pass-through certificates (the “**Pass-Through Certificates**”) issued by BANKINTER S.A. (“**BANKINTER**”) on mortgage loans (the “**Mortgage Loans**”) owned by BANKINTER granted to individuals with real estate mortgage security on finished homes located in Spain and to issue asset-backed bonds (either the “**Asset-Backed Bonds**” or the “**Bonds**”), the underwritten placement of which is targeted at qualified investors, designed to finance the acquisition of the Pass-Through Certificates and to set up the Initial Cash Reserve.

(In this Registration Document and elsewhere in the Prospectus, the term “Mortgage Loans” shall be used in some definitions to generically refer to the Pass-Through Certificates perfecting the assignment of the Mortgage Loans, other than where specific reference is made to the Pass-Through Certificates as such or to the certificates representing the same.)

Mortgage Loan interest and repayment income received by the Fund shall be allocated quarterly on each payment date to interest payment and principal repayment on the Bonds issued on the specific terms of each of the series (the “**Series**”) making up the issue of Bonds and in the order of priority established for Fund payments.

Moreover, the Fund, represented by the Management Company, arranges a number of financial and service transactions in order to consolidate the financial structure of the Fund, enhance the safety or regularity in payment of the Bonds, cover timing differences between the scheduled principal and interest flows on the Mortgage Loans and the Bonds, and, generally, enable the financial transformation carried out in respect of the Fund’s assets between the financial characteristics of the Mortgage Loans and the financial characteristics of each Bond Series.

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“**EUROPEA DE TITULIZACIÓN**”) is the Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.

EUROPEA DE TITULIZACIÓN is a securitisation fund management company incorporated in Spain and entered in the CNMV’s special register under number 2.

VAT REG. No.: A-805144 66 Business Activity Code No.: 6713

Registered office: calle Lagasca number 120, 28006 Madrid (Spain).

- BANKINTER is the Originator of the Mortgage Loans to be assigned to the Fund upon being established by means of the issue of the Pass-Through Certificates and shall be one of the Lead Managers and the Bond Issue Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANKINTER has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and (iii) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

Moreover, BANKINTER shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Amortisation Account), Start-Up Loan, Interest Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.

BANKINTER is a bank incorporated in Spain and entered in the Companies Register of Madrid at volume 14,846, folio 169, section 8, sheet 7766 and in the Bank of Spain’s Special Register of Banks and Bankers under number 30, its bank number being 0128.

VAT REG. No.: A28157360 Business Activity Code No.: 65121

Registered office: Paseo de la Castellana number 29, 28046 Madrid (Spain).

Ratings for the short- and long-term unsecured and unsubordinated debt obligations of BANKINTER assigned by the rating agencies:

	Fitch Ratings	Moody’s Ratings	S&P Ratings
Short-term	F1 (January 17, 2006)	P-1 (December 2005)	A-1 (January 12, 2006)
Long-term	A+ (February 23, 2006)	Aa3 (December 2005)	A (January 12, 2006)

- CALYON Sucursal en España (“**CALYON**”) shall be one of the Lead Managers and one of the Bond Issue Underwriters and Placement Agents.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, CALYON shall be one of the Bond subscription orders book runners (*joint book runner*) and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors, (iii) coordinating the other Underwriters and Placement Agents and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

CALYON is a bank incorporated and registered in France operating through its Branch in Spain which is registered with the Bank of Spain as a branch of a foreign Community credit institution under code number 0154.

VAT REG. No.: A-0011043-G

Registered office of the Spanish Branch: Paseo de la Castellana number 1, 28046 Madrid

- MERRILL LYNCH INTERNATIONAL (“**MERRILL LYNCH**”) shall be one of the Lead Managers and one of the Bond Issue Underwriters and Placement Agents.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, MERRILL LYNCH shall be one of the Bond subscription orders book runners (*joint book runner*) and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors, (iii) coordinating the other Underwriters and Placement Agents and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

MERRILL LYNCH is an unlimited liability company incorporated in the United Kingdom and entered in the companies register of England under number 2312079. Moreover, MERRILL LYNCH is registered with the CNMV as a Foreign Investment Services Company under registration number 426 dated 14.10.1998.

VAT REG. No.: GB 245 1224 93

Registered office: 2 King Edward Street, EC1A 1HQ (London) (United Kingdom)

- BANCO SANTANDER CENTRAL HISPANO, S.A. (“**SCH**”) shall be one of the Lead Managers and one of the Bond Issue Underwriters and Placement Agents.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, **SCH** shall be one of the Bond subscription orders book runners (*joint book runner*) and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors, (iii) coordinating the other Underwriters and Placement Agents and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

BANCO SANTANDER CENTRAL HISPANO is a bank incorporated and registered in Spain entered in the Bank of Spain’s Special Register of Banks and Bankers under code number 0049 and in the Companies Register of Santander at volume 448, general section, folio 1, Sheet 1960, entry 1.

VAT REG. No.: A-39000013

Business Activity Code No.: 651

Registered office: Paseo de Pereda 9-12, 39004 Santander (Spain)

Principal place of business: Avenida de Cantabria s/n (Ciudad Grupo Santander) 28660 Boadilla del Monte (Madrid)

- DEXIA BANQUE S.A. (“**DEXIA CAPITAL MARKETS**”) shall be one of the Bond Issue Underwriters and Placement Agents.

DEXIA CAPITAL MARKETS is a bank incorporated and registered in Belgium, entered in the Register of Banks of Belgium under number BE 0403.201.185, and having its place of business at Boulevard Pacheco 44, 1000 Brussels (Belgium). In addition, DEXIA CAPITAL MARKETS is entered in the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

- FORTIS BANK NV-SA (“**FORTIS BANK**”) shall be one of the Bond Issue Underwriters and Placement Agents.

FORTIS BANK is a bank incorporated and registered in Belgium and is also entered in the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

VAT REG. No.: BE403199702

Registered office: Montgne du Parc 3, BE 1000 Brussels (Belgium)

- Moody’s Investors Service España, S.A. is one of the two Rating Agencies (collectively, the “**Rating Agencies**”) of each Series in the Bond Issue.

Moody’s Investors Service España, S.A. is a Spanish company licensed as a rating agency by the CNMV, which is affiliated to and operates in accordance with the methodology, standards and quality control of Moody’s Investors Service Limited (each of them “**Moody’s**” without distinction).

VAT REG. No.: A-80448475

Registered Office: Bárbara de Braganza number 2, 28004 Madrid (Spain)

- Standard & Poor's España, S.A. is one of the two Rating Agencies of each Series in the Bond Issue.

Standard & Poor's España, S.A. is a Spanish company licensed as a rating agency by the CNMV, which is affiliated to and operates in accordance with the methodology, standards and quality control of Standard & Poor's Rating Services (each of them "S&P" without distinction).

VAT REG. No.: A-80310824

Registered Office: Marqués de Villamejor number 5 - Planta 1ª, 28006 Madrid (Spain)

- The law firm RAMÓN Y CAJAL ABOGADOS S.L. ("**RAMÓN & CAJAL**") has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

VAT Reg. Number: B-80340896

Registered Office: Paseo de la Castellana number 4, 28046 Madrid (Spain)

- PricewaterhouseCoopers Auditores S.L. ("**PRICEWATERHOUSECOOPERS**") have audited the selected mortgage loans of BANKINTER.

PRICEWATERHOUSECOOPERS are entered in the Official Register of Auditors (ROAC) of Spain under number S0242.

VAT Reg. Number: B-79031290

Registered Office: Paseo de la Castellana number 43 28046 Madrid (Spain)

BANKINTER S.A. has a 1.5317% interest in the share capital of EUROPEA DE TITULIZACIÓN.

No other direct or indirect ownership or controlling interest whatsoever is known to exist between the above-mentioned legal persons involved in the securitisation transaction.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN shall be responsible for the management and legal representation of the Fund on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution and this Prospectus.

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and in the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

EUROPEA DE TITULIZACIÓN has perpetual existence, other than upon the occurrence of any of the events of dissolution provided by the laws and the articles of association.

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2005, 2004 and 2003 have been audited by the firm Deloitte S.L., with place of business at Madrid, and entered in the Official Register of Auditors (ROAC) under number S0692.

The audit reports on the annual accounts for the years 2005, 2004 and 2003 have no provisos.

6.3 Principal activities.

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and legally represent both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN managed 59 securitisation funds as at October 31, 2006, 21 being mortgage securitisation funds and 38 being asset securitisation funds.

The following table itemises the 59 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances as at September 30, 2006.

Securitisation Fund	Establishment	Bond Issue	Bond	Issue	Bond	Issue	Bond Issue
		Initially	Balance 30.09.2006	Δ%	Balance 31.12.2005	Δ%	Balance 31.12.2004
		EUR	EUR	Δ%	EUR	Δ%	EUR
TOTAL		54,109,546,652.96	35,487,243,268.55	9.2%	32,490,363,122.22	49.44%	21,742,066,167.51
Mortgage (FTH)		12,627,546,652.96	6,953,989,606.21	7.4%	6,475,261,178.18	14.32%	5,664,315,494.43
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	1,200,000,000.00				
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	861,442,257.85	-9.3%	950,000,000.00		
Bankinter 11 FTH	28.11.2005	900,000,000.00	900,000,000.00	0.0%	900,000,000.00		
Bankinter 7 FTH	18.02.2004	490,000,000.00	321,112,065.82	-10.0%	356,717,443.60	-19.5%	443,242,308.18
Bankinter 5 FTH	16.12.2002	710,000,000.00	408,240,616.78	-12.4%	465,770,758.79	-18.1%	568,496,104.12
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	140,725,772.38	-17.7%	170,910,609.60	-20.4%	214,702,964.80
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	264,657,421.32	-15.0%	311,312,202.68	-18.7%	383,066,455.30
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	449,702,168.10	-15.2%	530,288,384.35	-21.7%	676,910,165.65
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	613,969,175.84	-11.8%	695,988,565.76	-13.6%	805,537,009.40
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	157,864,785.04	-13.7%	182,884,293.55	-17.5%	221,756,180.86
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	659,373,206.28	-12.3%	752,104,867.20	-14.8%	882,775,463.04
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	109,667,529.62	-16.5%	131,343,594.55	-20.2%	164,493,197.56
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	91,948,172.80	-15.4%	108,722,959.00	-19.6%	135,215,972.80
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	64,459,847.58	-18.8%	79,335,648.86	-24.0%	104,365,347.64
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	56,092,663.88	-18.3%	68,686,186.28	-20.5%	86,384,087.06
Bankinter 2 FTH	25.10.1999	320,000,000.00	113,458,270.94	-17.1%	136,877,163.99	-16.5%	163,903,710.50
Bankinter 1 FTH	12.05.1999	600,000,000.00	167,091,605.88	-11.3%	188,428,409.46	-19.3%	233,577,234.54
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	68,215,759.46	-19.8%	85,068,186.20	-22.9%	110,269,777.88
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	248,299,767.84	-12.9%	285,097,903.72	-21.5%	363,220,856.66
Bancaja 2 FTH	23.10.1998	240,404,841.75	45,073,251.00	-24.8%	59,937,667.99	-22.4%	77,225,834.66
Bancaja 1 FTH	18.07.1997	120,202,420.88	12,595,267.80	-20.2%	15,786,332.60	-25.8%	21,266,914.30
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated		0.00	-100.00%	7,905,909.48
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				
Asset (FTA)		41,482,000,000.00	28,533,253,662.34	9.7%	26,015,101,944.04	61.8%	16,077,750,673.08
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00					
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00					
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	800,000,000.00				
Bancaja Consumo 1 FTA	26.06.2006	612,900,000.00	612,900,000.00				
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	1,311,700,000.00				
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	1,500,000,000.00				
MBS Bancaja 3 FTA	03.04.2006	810,000,000.00	740,693,320.00				
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,825,400,160.00				
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00		
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	426,410,500.49	-18.0%	520,000,000.00		
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	968,101,776.88	-10.2%	1,078,000,000.00		
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	1,098,601,607.26	-27.9%	1,524,000,000.00		
BBVA 4 PYME FTA	26.09.2005	1,250,000,000.00	1,250,000,000.00	0.0%	1,250,000,000.00		
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,740,000,000.00	0.0%	1,740,000,000.00		
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	616,537,933.20	-17.3%	745,472,663.52		
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	1,094,247,315.45	-17.2%	1,321,621,631.30		
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	885,696,791.81	-11.6%	1,002,428,919.05		
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	1,313,180,843.06	-14.7%	1,539,361,229.38		
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	888,446,866.46	-14.2%	1,035,000,000.00		
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	638,287,812.90	-36.2%	1,000,000,000.00	0.0%	1,000,000,000.00
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	141,137,931.67	-18.4%	173,024,296.72	-19.1%	214,000,000.00
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00	0.0%	1,000,000,000.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	429,398,848.87	-52.3%	900,000,000.00	0.0%	900,000,000.00
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	1,244,980,790.90	-28.9%	1,750,000,000.00	-7.9%	1,900,000,000.00
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	679,503,658.70	-13.0%	781,477,860.25	-14.9%	918,039,044.03
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	390,122,268.90	-43.5%	690,000,000.00	0.0%	690,000,000.00
Valencia H 1 FTA	23.04.2004	472,000,000.00	328,207,962.38	-11.6%	371,107,375.09	-14.9%	436,154,049.09
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	743,635,114.22	-11.3%	837,970,768.01	-14.1%	976,014,308.21
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	1,129,024,080.60	-17.6%	1,369,610,139.04	-34.2%	2,080,000,000.00
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	433,784,211.92	-13.2%	499,528,194.12	-15.5%	591,221,073.84

Securitisation Fund	Establishment	Bond Issue	Bond		Bond		Bond Issue
		Initially	Balance 30.09.2006	Issue	Balance 31.12.2005	Issue	Balance 31.12.2004
		EUR	EUR	Δ%	EUR	Δ%	EUR
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	933,178,418.38	-10.6%	1,043,250,162.72	-12.4%	1,191,555,147.63
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	207,534,828.23	-23.3%	270,480,639.80	-44.0%	483,139,909.38
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	501,855,116.60	-16.9%	604,031,954.00	-20.4%	758,585,912.95
Bancaja 3 FTA	29.07.2002	520,900,000.00	520,900,000.00	0.0%	520,900,000.00	0.0%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	256,575,033.00	-1.7%	260,899,034.40	-56.5%	600,000,000.00
BBVA-2 FTPYME ICO	01.12.2000	900,000,000.00	199,202,429.34	-35.0%	306,595,443.42	-39.7%	508,081,398.75
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	480,690,220.00	-19.3%	595,672,530.00	-26.9%	815,121,170.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	203,317,821.12	-28.6%	284,669,103.22	-42.5%	494,938,659.20

6.4 Share capital and equity.

The wholly subscribed for, paid-up share capital amounts to one million eight hundred and three thousand and thirty-seven euros and fifty eurocents (EUR 1,803,037.50) represented by 2,500 registered shares, all in the same class, correlatively numbered from 1 to 2,500, both inclusive, wholly subscribed for and paid up, and divided into two series:

- Series A comprising 1,250 shares, numbers 1 to 1,250, both inclusive, having a unit face value of EUR 276.17.
- Series B comprising 1,250 shares, numbers 1,251 to 2,500, both inclusive, having a unit face value of EUR 1,166.26.

The shares are all in the same class and confer identical political and economic rights.

(EUR)	31.12.2005	Δ%	31.12.2004	Δ%	31.12.2003
Equity *	3,095,298.97	0.00%	3,095,298.97	0.03%	3,094,300.50
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	1,292,261.47	0.00%	1,292,261.47	0.08%	1,291,263.00
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.28%	359,609.03
<i>Voluntary</i>	931,653.97	0.00%	931,653.97	0.00%	931,653.97
Year's profit	1,789,429.69	0.14%	1,786,915.94	0.84%	1,772,026.40

* Does not include year's profit

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

6.6 Administrative, management and supervisory bodies.

The government and management of the Management Company are entrusted under the Articles of Association to the General Shareholders' Meeting and the Board of Directors. Their duties and authorities are as prescribed for those bodies in the Public Limited Companies Act and in Royal Decree 926/1998, in relation to the objects.

As provided for in the Articles of Association, the Board of Directors has delegated to an Executive Committee all its authorities that may be delegated by law and in accordance with the articles, including resolving to set up Securitisation Funds. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

Board of Directors

The Board of Directors has the following membership:

Chairman:	Mr Roberto Vicario Montoya ^(*)
Directors: ⁽¹⁾	Mr Ignacio Aldonza Goicoechea Mr Luis Bach Gómez ^(*) Mr José M ^a . Castellón Leal on behalf of Barclays Bank, S.A. ^(*) Mr Ignacio Echevarría Soriano ⁽²⁾ Ms Ana Fernández Manrique ^(*) Mr Juan Gortázar Sánchez-Torres Mr Mario Masiá Vicente ^(*) Mr Arturo Miranda Martín on behalf of J.P. Morgan España, S.A. ^(*) ⁽³⁾ Ms Carmen Pérez de Muniaín Marzana ^(*) Mr Jesús del Pino Durán Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A. Mr José Manuel Tamayo Pérez Mr Borja Uriarte Villalonga on behalf of Bankinter, S. A. BNP Paribas España, S.A. ⁽²⁾
Non-Director Secretary:	Ms Belén Rico Arévalo

(*) Member of the Board of Directors' Executive Committee.

- (1) Mr Carlos Pertejo Muñoz's resignation as Vice-Chairman and member of the Board of Directors in a letter dated May 23, 2006 and Banco Cooperativo Español, S.A.'s resignation as a member of the Board of Directors made at the General Shareholders' Meeting held on June 30, 2006 are yet to be entered in the Companies Register.
- (2) Mr Ignacio Echevarría Soriano's and BNP Paribas España, S.A.'s appointment as members of the Board of Directors made at the General Shareholders' Meeting held on June 30, 2006 is yet to be entered in the Companies Register. BNP Paribas España, S.A.'s appointment is yet to be notified to the CNMV.
- (3) The change of individual representative of the member of the Board of Directors J.P. Morgan España, S.A., made at the General Shareholders' Meeting held on June 30, 2006 is yet to be entered in the Companies Register.

The business address of the directors of EUROPEA DE TITULIZACIÓN is for these purposes at Madrid, calle Lagasca number 120.

General Manager.

The General Manager of the Management Company is Mr Mario Masiá Vicente.

6.7 Principal activities of the persons referred to in section 6.6 above, performed outside the Management Company where these are significant with respect to the Fund.

Borja Uriarte Villalonga, who is BANKINTER's individual representative on the Management Company's Board, is currently a member of staff of BANKINTER, in turn the Originator of the assets to be pooled in the Fund, one of the Lead Managers, Placement Agent and Paying Agent of the Bond Issue and counterparty to the remaining agreements entered into by the Fund, represented by the Management Company.

6.8 Lenders of the Management Company in excess of 10 percent.

The Management Company has received no loan or credit from any person or institution whatsoever.

6.9 Litigation in the Management Company.

As of the registration date of this Prospectus, the Management Company is not involved in any event in the nature of insolvency or in any litigation or actions which might affect its economic and financial position or, in the future, its capacity to discharge its Fund management and administration duties.

7. MAJOR SHAREHOLDERS

7.1 Statement as to whether the Management Company is directly or indirectly owned or controlled.

The ownership of shares in the Management Company is distributed among the companies listed below, specifying the percentage holding of each one:

Name of shareholder company	Holding * (%)
Banco Bilbao Vizcaya Argentaria, S.A.	82.9703
J.P. Morgan España, S.A.	4.0000
Caja de Ahorros del Mediterráneo	1.5420
Bankinter, S.A.	1.5317
Barclays Bank, S.A.	1.5317
Citibank España, S.A.	1.5317
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Cooperativo Español, S.A.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
Banco Sabadell, S.A.	0.7658
Banco Urquijo, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja de Ahorros de Salamanca y Soria - Caja Duero	0.3829
	100.0000

For the purposes of Commercial Code article 42, EUROPEA DE TITULIZACIÓN is a member of Banco Bilbao Vizcaya Argentaria Group.

EUROPEA DE TITULIZACIÓN has established an Internal Code of Conduct in fulfilment of the provisions of Chapter II of Royal Decree 629/1993, May 3, on operating standards in securities markets and mandatory registrations, which has been notified to the CNMV.

8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES

8.1 Statement as to commencement of operations and financial statements as at the date of the Registration Document.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund's operations shall commence on the date of execution of the Deed of Constitution and therefore the Fund has no financial statement as of the date of this Registration Document.

8.2 Historical financial information where an issuer has commenced operations and financial statements have been prepared.

Not applicable.

8.2 bis Historical financial information for issues of securities having a denomination per unit of at least EUR 50,000.

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

8.4 Material adverse change in the issuer's financial position.

Not applicable.

9. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

9.1 Statement or report attributed to a person as an expert.

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

If necessary, the following documents or copies thereof may be inspected during the period of validity of this Registration Document:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of corporate resolutions of the Management Company and of the Originator;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain characteristics and attributes of a sample of all mortgage loans selected to be assigned to the Fund;
- f) the letters from the Rating Agencies notifying the ratings assigned to each of the Series in the Bond Issue;
- g) the letter statements from the Lead Managers of the Bond Issue;
- h) the letter statement from the Originator;
- i) the letter from BANKINTER whereby this institution takes responsibility, with the Management Company, for the Securities Note;
- j) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- k) the Management Company's annual accounts and the relevant audit reports; and
- l) the articles of association and memorandum of association of the Management Company.

Those documents may be physically obtained at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus can also be accessed at the website of EUROPEA DE TITULIZACIÓN, at www.edt-sg.com, and is available to investors interested in the offer by the Underwriter and Placement Agent and the Placement Agent.

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Plaza de la Lealtad number 1.

In addition, the documents listed in a) to j) may be obtained at the CNMV.

SECURITIES NOTE

(Annex XIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1 PERSONS RESPONSIBLE

1.1 Persons responsible for the information given in the Securities Note.

1.1.1 Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

1.1.2 Mr Lázaro de Lázaro Torres, duly authorised for these presents, for and on behalf of BANKINTER, S.A., one of the Lead Managers of the Bond Issue by BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

1.2 Declaration by those responsible for the Securities Note.

1.2.1 Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at its meeting held on October 16, 2006.

1.2.2 Mr Lázaro de Lázaro Torres declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Lázaro de Lázaro Torres is acting as attorney-in-fact for the Lead Manager using the authorities conferred by the Board of Directors at its meeting held on June 14, 2006.

2 RISK FACTORS

The risk factors linked to the securities are described in section 2 of Risk Factors of this Prospectus.

The risk factors linked to the assets backing the issue are described in section 3 of Risk Factors of this Prospectus.

3 KEY INFORMATION

3.1 Interest of natural and legal persons involved in the offer.

The identity of the legal persons involved in the offer and direct or indirect shareholdings between them are detailed in section 5.2 of the Registration Document. Their interest as persons involved in the offer of the Bond Issue are as follows:

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BANKINTER and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.
- c) BANKINTER is the Originator of the Mortgage Loans by means of the issue of the Pass-Through Certificates to be pooled in the Fund represented by the Management Company.

- d) BANKINTER is involved as one of the Lead Managers and is the Placement Agent of the Bond Issue.
- e) CALYON, MERRILL LYNCH and SCH are Lead Managers and Underwriters and Placement Agents of the Bond Issue and shall be the institutions in charge of keeping the Bond subscription orders book (*joint book runners*).
- f) DEXIA CAPITAL MARKETS and FORTIS BANK are involved as Underwriters and Placement Agents of the Bond Issue.
- g) BANKINTER is involved as Paying Agent of the Bond Issue.

The Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the Bond Issue offering, other than what is strictly professional derived from their involvement as detailed in this section and in section 3.2 of the Building Block, saving as set out in sections 5.2 and 6.7 of the Registration Document.

4 INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING.

4.1 Total amount of the securities.

The total face value amount of the issue of Asset-Backed Bonds (the "**Bond Issue**") is EUR one billion five hundred and seventy million (1,570,000,000.00), consisting of fifteen thousand seven hundred (15,700) Bonds denominated in euros and comprised of five Bond Classes, distributed into six Series as follows:

- a) Class A comprising two Series having a face amount of EUR one billion four hundred and eighty-two million four hundred thousand (1,482,400,000.00) (either "**Class A**" or the "**Class A Bonds**"):
 - i) Series A1 having a total face amount of EUR eighty-five million (85,000,000.00) comprising eight hundred and fifty (850) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A1**" or the "**Series A1 Bonds**").
 - ii) Series A2 having a total face amount of EUR one billion three hundred and ninety-seven million four hundred thousand (1,397,400,000.00) comprising thirteen thousand nine hundred and seventy-four (13,974) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A2**" or the "**Series A2 Bonds**").
- b) Class B comprising a single Series B having a total face amount of EUR twenty-two million four hundred thousand (22,400,000.00) comprising two hundred and twenty-four (224) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or the "**Series B Bonds**").
- c) Class C comprising a single Series C having a total face amount of EUR twenty-four million one hundred thousand (24,100,000.00) comprising two hundred and forty-one (241) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or the "**Series C Bonds**").
- d) Class D comprising a single Series D having a total face amount of EUR twenty million five hundred thousand (20,500,000.00) comprising two hundred and five (205) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series D**" or the "**Series D Bonds**").
- e) Class E comprising a single Series E having a total face amount of EUR twenty million six hundred thousand (20,600,000.00) comprising two hundred and six (206) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series E**" or the "**Series E Bonds**").

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in the other Series.

The Bonds are issued at 100 percent of their face value. The issue price of the Bonds in each of Series A1, A2, B, C, D and E shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund. The expenses and taxes inherent in the Bond Issue shall be borne by the Fund.

4.1.1 Underwriting placement of the Bond Issue.

The Bond Issue shall be placed by CALYON, MERRILL LYNCH, SCH, DEXIA CAPITAL MARKETS and FORTIS BANK as Underwriters and Placement Agents and by BANKINTER, S.A. as Placement Agent, under the Bond Issue management, underwriting and placement agreement (the “**Management, Underwriting and Placement Agreement**”) to be entered into by the Management Company for and on behalf of the Fund.

The Underwriters and Placement Agents and the Placement Agent of the Bond Issue shall take on the obligations laid down in the Management, Underwriting and Placement Agreement, which are broadly the following: 1) securing placement by a third-party subscription for the Bond Issue; 2) by the Underwriters and Placement Agents, an undertaking to subscribe on their own account for the Bonds not subscribed for by third parties during the Subscription Period, up to the amount of their underwriting commitment; 3) payment by the Underwriters and Placement Agents to the Paying Agent, by 2pm (CET time) on the Closing Date, for same day value, of the face amount of the Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their underwriting commitments, deducting the respective underwriting and/or placement fee amounts, whereupon the Paying Agent shall proceed to pay to the Fund, by 3pm (CET time), for same day value, the amount received from the Underwriters and Placement Agents and the face amount of the Bonds it shall have placed as Placement Agent, after deducting its underwriting and/or placement fee amount, and subscribed for, as the case may be, on its own account up to the total face amount of the Bond Issue; 4) an undertaking to pay late-payment interest covenanted in the Management, Underwriting and Placement Agreement in the event of late payment of amounts due; 5) providing subscribers with a document proving subscription; 6) providing the Paying Agent with Bond Issue placement dissemination control information; and 7) all other aspects governing underwriting and placement.

The following is the commitment by the Underwriters and Placement Agents in relation to underwriting placement of the Bonds in each Series:

Underwriter and Placement Agent	Face amount underwritten in each Series (EUR)					
	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
CALYON	28,400,000.00	458,800,000.00	7,500,000.00	8,100,000.00	20,500,000.00	20,600,000.00
MERRILL LYNCH	28,300,000.00	459,800,000.00	7,500,000.00	8,000,000.00	0.00	0.00
SCH	28,300,000.00	458,800,000.00	7,400,000.00	8,000,000.00	0.00	0.00
DEXIA CAPITAL MARKETS	0.00	10,000,000.00	0.00	0.00	0.00	0.00
FORTIS BANK	0.00	10,000,000.00	0.00	0.00	0.00	0.00
Total	85,000,000.00	1,397,400,000.00	22,400,000.00	24,100,000.00	20,500,000.00	20,600,000.00

Notwithstanding the above, the Underwriters and Placement Agents shall be released from their underwriting commitment and BANKINTER shall have to underwrite all of the Bonds in the event that, by 1pm (CET time) on the day before the Closing Date (November 26, 2006), CALYON, MERRILL LYNCH and SCH should give the Management Company and BANKINTER written notice of the decision made with one accord to terminate the underwriting commitment upon the occurrence of any of the following circumstances for which provision is made in this connection in the Bond Issue Management, Underwriting and Placement Agreement: (i) breach by the Management Company, on behalf of the Fund, or BANKINTER of any of their respective obligations or any representation made by either of them which may, in the opinion of the Underwriters and Placement Agents (acting reasonably and after consulting with the Management Company and BANKINTER), adversely and materially affect placement of the Bonds, should be false; (ii) the occurrence of a material adverse change in the (financial or other) position of the

Fund or of BANKINTER which is significant within the context of the Bond Issue, or (iii) the occurrence of an unforeseeable event or which, if foreseeable, was inevitable in accordance with the provisions of article 1,105 of the Civil Code.

The Underwriters and Placement Agents and the Placement Agent shall altogether receive from the Fund an underwriting and/or placement fee on the face amount of the Bonds in the relevant Series, comprised between:

- 0.00% and 0.05%, both inclusive, for the Series A1 Bonds.
- 0.00% and 0.05%, both inclusive, for the Series A2 Bonds.
- 0.00% and 0.08%, both inclusive, for the Series B Bonds.
- 0.00% and 0.10%, both inclusive, for the Series C Bonds.
- 0.00% and 1.00%, both inclusive, for the Series D Bonds.
- 0.00% and 1.50%, both inclusive, for the Series E Bonds.

The underwriting and/or placement fee applicable on the face amount of the Bonds in each Series shall be determined with one accord by the Lead Managers and notified in writing to the Management Company by 10am (CET time) on the day on which the Subscription Period begins (November 22, 2006). Failing an agreement between the Lead Managers, the Management Company shall set the underwriting and placement fee for the Series in respect of which there was no agreement at a fee of.

- 0.00% for the Series A1 Bonds.
- 0.00% for the Series A2 Bonds.
- 0.00% for the Series B Bonds.
- 0.00% for the Series C Bonds.
- 1.00% for the Series D Bonds.
- 1.50% for the Series E Bonds.

BANKINTER, CALYON, MERRILL LYNCH and SCH shall be involved as Lead Managers in the Bond Issue. They shall not be howsoever remunerated for managing the Bond Issue.

The Management, Underwriting and Placement Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period or in the events provided for by the laws in force for the time being.

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in the Securities Market Act and implementing regulations.

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Additional Provision Five of Act 3/1994, as amended by article 18 of Act 44/2002, (iv) Securities Market Act 24/1988, July 28, and applicable implementing regulations (the "**Securities Market Act**"), (v) Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose, (vi) Commission Regulation (EC) No. 809/2004 of April 29, 2004, and (vi) all other legal and statutory provisions in force and applicable from time to time.

The Deed of Constitution, the Bond Issue and the service provision and financial risk cover transaction agreements on behalf of the Fund shall be subject to Spanish Law and be governed by and construed in accordance with Spanish laws.

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and legal representation of BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS and the Bond Issue by the same shall be referred to the Courts and Tribunals of the city of Madrid.

4.4 Indication as to whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form.

The Bonds issued by the Fund will be exclusively represented by means of book entries, and will become such Bonds when entered at Iberclear, the institution in charge of the accounting record, in accordance with article 11 of Royal Decree 116/1992. In this connection, and for the record, the Deed of Constitution shall have the effects prescribed by article 6 of the Securities Market Act.

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. ("**Iberclear**"), with place of business at Plaza de la Lealtad, no. 1, Madrid, shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities admitted to trading on the AIAF and represented by means of book entries, established now or henceforth by Iberclear or AIAF.

Bondholders shall be identified as such when entered in the accounting record kept by the members of Iberclear.

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series C Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series D Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2), Series B and Series C Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series E Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2), Series B, Series C Bonds and Series D Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

4.6.1 Simple reference to the order number of Bond interest payment in each Series in the Fund priority of payments.

Payment of interest accrued by Series A1 and A2 Bonds is (i) third (3rd) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block, and (ii) fourth (4th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fourth (4th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be eighth (8th), and (ii) sixth (6th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series C Bonds is (i) fifth (5th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be ninth (9th), and (ii) eighth (8th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series D Bonds is (i) sixth (6th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be tenth (10th), and (ii) tenth (10th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series E Bonds is (i) twelfth (12th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, and (ii) thirteenth (13th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.6.2 Simple reference to the order number of Bond principal repayment in each Series in the Fund priority of payments.

The Series A1, A2, B, C and D Amortisation Withholding amount designed for amortising the Series A1, A2, B, C and D Bonds as a whole without distinction between those Series is seventh (7th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block. Repayment of Series E Bond principal is thirteenth (13th) in the application of Available Funds in the Priority of Payments.

Repayment of Series A1, A2, B, C and D Bond principal shall take place in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D contained in section 4.9.3.6 of this Securities Note.

Repayment of Series A1 and A2 Bond principal is fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series B Bond principal is seventh (7th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series C Bond principal is ninth (9th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series D Bond principal is eleventh (11th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series E Bond principal is fourteenth (14th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.7 Description of the rights attached to the securities.

The economic and financial rights for Bondholders associated with acquiring and holding the Bonds shall be as derived from the terms as to interest rate, yields and redemption terms on which they are to be issued and given in sections 4.8 and 4.9 of this Securities Note. In accordance with the laws in force for the time being, the Bonds subject of this Securities Note shall vest the investor acquiring the same in no present and/or future political rights in and to the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Mortgage Loan Obligors who may have defaulted on their payment obligations or against the Originator. Any such rights shall lie with the Management Company, representing the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against the Fund or against the Management Company in the event of non-payment of amounts due by the Fund resulting from the existence of default or prepayment of the Mortgage Loans, a breach by the Originator of its

obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties. Those actions shall be resolved in the relevant ordinary declaratory proceedings depending on the amount claimed.

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and legal representation of BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS and the Bond Issue by the same shall be heard and ruled upon by the Courts and Tribunals of the city of Madrid.

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

The Bonds in each Series shall, from the Closing Date until they mature fully, accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each of the Series.

The resultant yearly nominal interest rate (hereinafter the "**Nominal Interest Rate**") for each Series shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series on the preceding Payment Date, provided that the Fund has sufficient liquidity in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

Withholdings, interim payments, contributions and taxes established or to be established in the future on Bond principal, interest or returns shall be borne exclusively by Bondholders, and their amount, if any, shall be deducted by the Management Company, for and on behalf of the Fund, or through the Paying Agent, as provided by law.

4.8.1.1 Interest accrual.

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (the "**Interest Accrual Periods**") comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, November 27, 2006, inclusive, and the first Payment Date, April 17, 2007, exclusive.

The Nominal Interest Rate shall accrue on the exact number of days in each Interest Accrual Period for which it was determined, calculated based upon a 360-day year.

4.8.1.2 Nominal Interest Rate.

The Nominal Interest Rate applicable to the Bonds in each Series and determined for each Interest Accrual Period shall be the result of adding:

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:
 - **Series A1:** margin ranging between 0.02% and 0.09%, both inclusive.
 - **Series A2:** margin ranging between 0.06% and 0.17%, both inclusive.
 - **Series B:** margin ranging between 0.16% and 0.34%, both inclusive.
 - **Series C:** margin ranging between 0.22% and 0.60%, both inclusive.
 - **Series D:** margin ranging between 1.70% and 2.50%, both inclusive.
 - **Series E:** margin ranging between 3.00% and 3.90%, both inclusive.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers by 10am (CET time) on the day of the Subscription Period (November 22, 2006).

Failing an agreement among the Lead Managers, the Management Company shall fix the specific margin for the Series in respect of which no margin was agreed, as follows:

- **Series A1:** 0.07% margin.
- **Series A2:** 0.16% margin.
- **Series B:** 0.28% margin.
- **Series C:** 0.55% margin.
- **Series D:** 2.25% margin.
- **Series E:** 3.90% margin.

The resultant Nominal Interest Rate shall be expressed as a percentage rounded to the nearest thousandth of a whole number or rounded up to the nearest one where the differences of rounding up or down to the nearest thousandths are identical.

4.8.1.3 Reference Rate and determining the same.

The reference rate (“**Reference Rate**”) for determining the Nominal Interest Rate applicable to each Bond Series is as follows:

- i) Other than for the first Interest Accrual Period, three- (3-) month Euribor, “Euro Interbank Offered Rate”, calculated and distributed by the BRIDGE financial information system under an FBE (“Federation Bancaire de l’Union Européenne”) mandate, fixed at 11am (CET or “Central European Time”) on the Interest Rate Fixing Date described below, which is currently published on electronic pages EURIBOR01 supplied by Reuters, and 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the third Business Day preceding the Closing Date, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [(D-120)/30] \times E5 + [1 - (D-120)/30] \times E4$$

Where:

- IR = Reference Rate for the first Interest Accrual Period.
- D = Number of days in the first Interest Accrual Period.
- E4 = Four- (4-) month Euribor.
- E5 = Five- (5-) month Euribor.

Euribor definitions approved by the FBE and the Financial Markets Association (ACI) supplementing the current definition of Euribor shall be considered included for the purpose of the Euribor Reference Rate without having to amend these Reference Rate terms or have the Management Company notify Bondholders.

- ii) In the event that the Euribor rate established in paragraph (i) above should not be available or be impossible to obtain, the substitute Reference Rate shall be the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable three- (3-) month deposit transactions in euros in an amount equivalent to the Outstanding Principal Balance of the Bond Issue, declared by four (4) prime banks in the Euro zone, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the Interest Rate Fixing Date.

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from the straight-line interpolation between the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable four- (4-) month deposit transactions in euros and the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable five- (5-) month deposit transactions in euros, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the third Business Day preceding the Closing Date.

The substitute Reference Rate shall be expressed as a percentage rounded to the nearest thousandth of a percentage point or rounded up to the nearest point where the differences of rounding up or down to the nearest thousandths are identical.

- iii) Should it be impossible to apply the above substitute Reference Rate, upon the failure by any or several of the banks to provide written quotations as provided for in paragraph one of this section, the interest rate resulting from applying the simple arithmetic mean of the interest rates declared by at least two of the other banks shall be applicable.

On each Interest Rate Fixing Date, the Paying Agent shall notify the Management Company of the Reference Rate determined in accordance with paragraphs i) and ii) above. The Management Company shall keep the listings and supporting documents on which the Paying Agent shall notify it the Reference Rate determined.

4.8.1.4 Interest Rate Fixing Date.

The Management Company shall, for and on behalf of the Fund, determine the Nominal Interest Rate applicable to each Bond Series for every Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding each Payment Date (the “**Interest Rate Fixing Date**”), and it will apply for the following Interest Accrual Period.

Exceptionally, the Management Company shall determine the Nominal Interest Rate of the Bonds in each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the third Business Day preceding the Closing Date, and shall notify the same in writing on the same day to the Underwriters and Placement Agents and to the Placement Agent. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

The nominal interest rates determined for each Bond Series for successive Interest Accrual Periods shall be communicated to Bondholders within the deadline and in the manner for which provision is made in section 4.1.1.a) of the Building Block.

4.8.1.5 Formula for calculating interest.

Interest settlement for the Bonds in each Series, payable on each Payment Date for each Interest Accrual Period, shall be calculated by the Management Company for each Series in accordance with the following formula:

$$I = P \times \frac{R}{100} \times \frac{d}{360}$$

Where:

I = Interest payable on a given Payment Date.

P = Outstanding Principal Balance of the Bonds in the Series on the Determination Date preceding that Payment Date.

R = Nominal Interest Rate of the Series expressed as a yearly percentage.

d = Exact number of days in each Interest Accrual Period.

Informative table on the evolution of the reference rate to be used.

For merely illustrative purposes, below are details of the three- (3-) month Euribor rates published on certain dates over the last two years, which, other than the first date, would have been the second (2nd) Business Day preceding the 17th of each month, this being the Payment Date, posted on the EURIBOR01 electronic page supplied by Reuters, and the Nominal Interest Rate that would have been applicable to each Bond Series, in the event that the applicable margins should be the average margins in the range

established for each Series, in accordance with section 4.8.1.2 of this Securities Note (0.055% for Series A1, 0.115% for Series A2, 0.25% for Series B, 0.41% for Series C, 2.10% for Series D and 3.45% for Series E):

Dates	3-month Euribor	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
14 November 2006	3.593	3.648	3.708	3.843	4.003	5.693	7.043
13 October 2006	3.499	3.554	3.614	3.749	3.909	5.599	6.949
13 September 2006	3.321	3.376	3.436	3.571	3.731	5.421	6.771
15 August 2006	3.219	3.274	3.334	3.469	3.629	5.319	6.669
13 July 2006	3.090	3.145	3.205	3.340	3.500	5.190	6.540
15 June 2006	2.963	3.018	3.078	3.213	3.373	5.063	6.413
15 May 2006	2.884	2.939	2.999	3.134	3.294	4.984	6.334
13 April 2006	2.765	2.820	2.880	3.015	3.175	4.865	6.215
15 March 2006	2.703	2.758	2.818	2.953	3.113	4.803	6.153
15 February 2006	2.597	2.652	2.712	2.847	3.007	4.697	6.047
13 January 2006	2.507	2.562	2.622	2.757	2.917	4.607	5.957
15 December 2005	2.475	2.530	2.590	2.725	2.885	4.575	5.925
15 November 2005	2.350	2.405	2.465	2.600	2.760	4.450	5.800
13 October 2005	2.185	2.240	2.300	2.435	2.595	4.285	5.635
15 September 2005	2.136	2.191	2.251	2.386	2.546	4.236	5.586
15 August 2005	2.135	2.190	2.250	2.385	2.545	4.235	5.585
14 July 2005	2.119	2.174	2.234	2.369	2.529	4.219	5.569
15 June 2005	2.112	2.167	2.227	2.362	2.522	4.212	5.562
13 May 2005	2.125	2.180	2.240	2.375	2.535	4.225	5.575
14 April 2005	2.137	2.192	2.252	2.387	2.547	4.237	5.587
15 March 2005	2.135	2.190	2.250	2.385	2.545	4.235	5.585
15 February 2005	2.136	2.191	2.251	2.386	2.546	4.236	5.586
13 January 2005	2.144	2.199	2.259	2.394	2.554	4.244	5.594
15 December 2004	2.175	2.230	2.290	2.425	2.585	4.275	5.625

4.8.2 Dates, place, institutions and procedure for paying interest.

Interest on the Bonds in all the Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on January 17, April 17, July 17 and October 17 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a **"Payment Date"**), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be April 17, 2007, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, November 27, 2006, inclusive, and April 17, 2007, exclusive.

In this Bond Issue, business days (**"Business Days"**) shall be deemed to be all days other than a:

- public holiday in the city of Madrid, or
- non-business day in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

Both interest resulting for Bondholders in each Series and the amount, if any, of interest accrued and not paid, shall be notified to Bondholders as described in section 4.1.1.a) of the Building Block, at least one (1) calendar day in advance of each Payment Date.

Bond interest accrued shall be paid on each Payment Date provided that the Fund has sufficient liquidity to do so in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, interest amounts not paid shall be accumulated on the following Payment Date to interest on the Series proper that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortage of Available Funds.

Overdue interest amounts shall not earn additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds in the relevant Series.

The Fund, through its Management Company, may not defer Bond interest payment beyond July 17, 2049, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond Issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into a Paying Agent Agreement with BANKINTER, as established in section 5.2.1 of this Securities Notes.

4.9 Maturity date and amortisation of the securities.

4.9.1 Bond redemption price.

The redemption price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

Each and every one of the Bonds in a same Series shall be amortised in an equal amount by reducing the face amount of each of the Bonds.

4.9.2 Characteristics specific to the amortisation of each Bond Series.

4.9.2.1 Amortisation of Series A1 Bonds.

Amortisation of Series A1 Bond principal shall consist of a single payment for their aggregate face value on April 17, 2008 ("**Series A1 Maturity Date**") or the following Business Day if that is not a Business Day, using the Available Funds for Amortisation of Series A1, A2, B, C and D on that Payment Date.

However, in the event of the Available Funds for Amortisation of Series A1, A2, B, C and D on the Series A1 Maturity Date not being sufficient to amortise the aggregate face value of the Series A1 Bonds, Series A1 Bonds shall be amortised on the Series A1 Maturity Date and on subsequent Payment Dates by partial amortisation until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation of Series A1, A2, B, C and D applied on each Payment Date to amortising Series A1, in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D given in sections 4.9.3.5 and 4.9.3.6 below, pro rated between the Bonds in Series A1 proper by reducing the face amount of each Series A1 Bond.

Final amortisation of Series A1 Bonds shall occur on the Final Maturity Date (July 17, 2049 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the amortisation for which provision is made on the Series A1 Maturity Date or on subsequent Payment Dates, as the case may be, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 Amortisation of Series A2 Bonds.

Series A2 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation of Series A1, A2, B, C and D applied on each Payment Date to amortising Series A2, in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D given in sections 4.9.3.5 and 4.9.3.6 below, pro rated between the Bonds in Series A2 proper by reducing the face amount of each Series A2 Bond.

The first partial amortisation of Series A2 Bonds shall take place on the Payment Date on which Series A1 Bonds are fully amortised. Nevertheless, from the Payment Date falling on April 17, 2008 and even if Series A1 has not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A2 Bonds shall be amortised pro rata to the Series A1 Bonds, in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D.

Final amortisation of Series A2 Bonds shall occur on the Final Maturity Date (July 17, 2049 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation of Series A1, A2, B, C and D applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D given in sections 4.9.3.5 and 4.9.3.6 below, pro rated between the Bonds in Series B proper by reducing the face amount of each Series B Bond.

The first partial amortisation of Series B Bonds shall occur once the Class A (Series A1 and A2) Bonds have been fully amortised. However, even if Class A (Series A1 and A2) has not been fully amortised, the Available Funds for Amortisation of Series A1, A2, B, C and D shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D, in such a way that the ratio of the Outstanding Principal Balance of Series B to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D is kept at 2.891%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (July 17, 2049 or the following Business Day if that is not a Business Day), notwithstanding the full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.4 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation of Series A1, A2, B, C and D applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D given in sections 4.9.3.5 and 4.9.3.6 below, pro rated between the Bonds in Series C proper by reducing the face amount of each Series C Bond.

The first partial amortisation of Series C Bonds shall occur once the Class A (Series A1 and A2) and the Series B Bonds have been fully amortised. However, even if Class A (Series A1 and A2) and Series B have not been fully amortised, the Available Funds for Amortisation of Series A1, A2, B, C and D shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D, in such a way that the ratio of the Outstanding Principal Balance of Series C to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D is kept at 3.111%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (July 17, 2049 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.5 Amortisation of Series D Bonds.

Series D Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation of Series A1, A2, B, C and D applied on each Payment Date to amortising Series D in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D given in sections 4.9.3.5 and 4.9.3.6 below, pro rated between the Bonds in Series D proper by reducing the face amount of each Series D Bond.

The first partial amortisation of Series D Bonds shall occur once the Class A (Series A1 and A2), the Series B and the Series C Bonds have been fully amortised. However, even if Class A (Series A1 and A2), Series B and Series C have not been fully amortised, the Available Funds for Amortisation of Series A1, A2, B, C and D shall also be applied to amortising Series D on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D, in such a way that the ratio of the Outstanding Principal Balance of Series D to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D is kept at 2.646%, or higher percentage closest thereto.

Final amortisation of Series D Bonds shall occur on the Final Maturity Date (July 17, 2049 or the following Business Day if that is not a Business Day), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.6 Amortisation of Series E Bonds.

Series E Bond principal shall be amortised by partial amortisation on each Payment Date based on the amortisation rules established hereinafter and until their total face amount has been fully amortised, in an amount equal to the Available Funds applied on each Payment Date to amortising Series E, depending on the available liquidity, in accordance with the Priority of Payments and, as the case may be, the Liquidation Priority of Payments.

Partial amortisation of Series E Bonds shall occur on each Payment Date in an amount equal to the positive difference existing between the Outstanding Principal Balance of Series E on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, in accordance with the provisions of section 3.4.2.2 of the Building Block transcribed hereinafter.

"2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter with the Available Funds in the Priority of Payments of the Fund.

The required Cash Reserve amount on each Payment Date (the "**Required Cash Reserve**") shall be the lower of the following amounts:

- (i) EUR twenty million six hundred thousand (20,600,000.00).
 - (ii) The higher of:
 - a) 2.66% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
 - b) EUR ten million three hundred thousand (10,300,000.00).
3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:
- i) That, on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Delinquent Mortgage Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - ii) That on the Payment Date preceding the relevant Payment Date, the Cash Reserve was not provisioned up to the Required Cash Reserve amount on that Payment Date.

- iii) That the average margin added to the relevant benchmark index for determining the nominal interest rate of the Mortgage Loans, weighted by the outstanding principal of the Mortgage Loans, is equal to or less than 0.376%.
- iv) That three (3) years have not elapsed since the date of establishment of the Fund.”

Final amortisation of Series E Bonds shall occur on the Final Maturity Date (July 17, 2049), notwithstanding full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.3 Common characteristics applicable to amortisation of Series A1, A2, B, C and D Bonds.

Irrespective of the Final Maturity Date and subject to the Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, on the Payment Dates from the Payment Date falling on April 17, 2008, inclusive, the Fund shall, through its Management Company, proceed to a full amortisation or a partial amortisation, as the case may be, of the Series A1 Bonds and a partial amortisation of the Series A2, B, C and D Bonds in accordance with the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.5 of this Securities Note and on the terms described hereinafter in this section common to Series A1, A2, B, C and D.

4.9.3.1 Determination Dates and Determination Periods.

These will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation of Series A1, A2, B, C and D which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be April 11, 2007.

Determination Periods shall be periods comprising the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally:

- (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, April 11, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), including the first date but not including the last date.

4.9.3.2 Outstanding Principal Balance of the Bonds.

The Outstanding Principal Balance of a Series shall be the sum of the principal pending repayment (outstanding balance) on a given date of all the Bonds in that Series.

By addition, the Outstanding Principal Balance of Class A shall be the sum of the Outstanding Principal Balance of Series A1 and A2 making up Class A. Moreover, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all six Series A1, A2, B, C, D and E making up the Bond Issue.

4.9.3.3 Outstanding Balance of the Mortgage Loans.

The Outstanding Balance of a Mortgage Loan shall be the sum of the capital or principal not yet due and the capital or principal due and not paid into the Fund on the specific Mortgage Loan on a given date.

The Outstanding Balance of the Mortgage Loans on a date shall be the sum of the Outstanding Balance of each and every one of the Mortgage Loans on that date.

Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. Non-Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that are not deemed to be Delinquent Mortgage Loans on a given date, also excluding Doubtful Mortgage Loans.

Doubtful Mortgage Loans shall be deemed to be Mortgage Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment. Non-Doubtful Mortgage Loans shall be deemed to be Mortgage Loans that are not deemed to be Doubtful Mortgage Loans on a given date.

4.9.3.4 **Series A1, A2, B, C and D Amortisation Withholding on each Payment Date.**

On each Payment Date, the Available Funds shall be used in seventh (7th) place in the priority of payments for withholding the amount designed for amortising the Series A1, A2, B, C and D Bonds as a whole, without distinguishing between those Series ("**Series A1, A2, B, C and D Amortisation Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, minus, until the Payment Date falling on April 17, 2008, inclusive, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Series A1, A2, B, C and D Amortisation Withholding shall be included among the Available Funds for Amortisation of Series A1, A2, B, C and D and be applied in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D established hereinafter in section 4.9.3.6 below.

4.9.3.5 **Available Funds for Amortisation of Series A1, A2, B, C and D and Amortisation Deficiency on each Payment Date.**

The available funds for amortisation of Series A1, A2, B, C and D on each Payment Date (the "**Available Funds for Amortisation of Series A1, A2, B, C and D**") shall be the following: (i) the Series A1, A2, B, C and D Amortisation Withholding amount actually applied in seventh (7th) place of the Available Funds on the relevant Payment Date, and (ii) exclusively on the Payment Date falling on April 17, 2008, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account, on the preceding Determination Date.

The amortisation deficiency (the "**Amortisation Deficiency**") on a Payment Date shall be the positive difference, if any, between (i) the Series A1, A2, B, C and D Amortisation Withholding amount, and (ii) the amount actually applied of the Available Funds for Amortisation of Series A1, A2, B, C and D.

4.9.3.6 **Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D.**

The Available Funds for Amortisation of Series A1, A2, B, C and D shall be applied on each Payment Date to amortising those Series, subject to the following rules ("**Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D**"):

1. Until the Payment Date falling on April 17, 2008, exclusive, the Available Funds for Amortisation of Series A1, A2, B, C and D shall be credited to the Amortisation Account.
2. From the Payment Date falling on April 17, 2008, inclusive, the Available Funds for Amortisation of Series A1, A2, B, C and D shall be sequentially applied firstly to amortising Class A (Series A1 and A2) until fully amortised, as provided for in rule 3 below, secondly to amortising Series B until fully amortised, thirdly to amortising Series C until fully amortised and fourthly to amortising Series D until fully amortised, subject to the provisions of rules 4 and 5 below for pro rata amortisation of Class A (Series A1 and A2) and Series B, C and D.

3. The amounts of the Available Funds for Amortisation of Series A1, A2, B, C and D applied to amortising Class A (Series A1 and A2), both under rule 2 above and under rules 4 and 5 below, shall be applied to amortising Series A1 and A2 as follows:
- 3.1 Ordinary application in the following order:
1. Repayment of Series A1 Bond principal.
 2. Repayment of Series A2 Bond principal once the Series A1 Bonds have been fully amortised.
- 3.2 Exceptional pro rata application of Class A (Series A1 and A2) ("**Pro Rata Amortisation of Class A**") if Series A1 has not been fully amortised: The application priority of paragraph 3.1 above shall be stopped if on the Determination Date preceding the relevant Payment Date the Outstanding Balance of Delinquent Mortgage Loans is in excess of 2.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
- In that event, on the relevant Payment Date the amount of the Available Funds for Amortisation of Series A1, A2, B, C and D applied to amortising Class A (Series A1 and A2) shall be applied to amortising Series A1 and to amortising Series A2, and shall be prorated among the same directly in proportion to (i) the Outstanding Principal Balance of Series A1, and ii) the Outstanding Principal Balance of Series A2, on the Determination Date preceding the relevant Payment Date.
4. However, even if Class A (Series A1 and A2) has not been fully amortised, the Available Funds for Amortisation of Series A1, A2, B, C and D shall also be applied to amortising Series B, Series C and Series D on the Payment Date on which the following circumstances are satisfied for amortisation of each of those Series ("**Conditions for Pro Rata Amortisation**"):
- a) In order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series B is equal to or greater than 2.891% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.50% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - b) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series C is equal to or greater than 3.111% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - c) In order to amortise Series D, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series D is equal to or greater than 2.646% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 0.75% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - d) In addition, in order to amortise Series B and as the case may be Series C and as the case may be Series D:
 - i) that the Required Cash Reserve amount is fully provisioned on the relevant Payment Date, and
 - ii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Mortgage Loans is equal to or greater than 10 percent of the initial Outstanding Balance upon the Fund being established.
5. In the event that the amortisation of each of Series B, C and D should apply on a Payment Date as provided for in rule 4 above, the Available Funds for Amortisation of Series A1, A2, B, C and D shall also be applied to amortising Series B and, as the case may be, to amortising Series C and, as the case may be, to amortising Series D in such a way that the ratio of the Outstanding Principal Balance of Series B and, as the case may be, of Series C and, as the case may be, of Series D to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D is respectively kept at 2.891% or at 3.111% or at 2.646%, or higher percentages closest thereto.

4.9.4 **Early Amortisation of the Bond Issue.**

Subject to the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall be authorised to proceed, as the case may be, to an Early Liquidation of the Fund and hence an Early Amortisation of the entire Bond Issue in the Early Liquidation Events and subject to the requirements established in section 4.4.3 of the Registration Document and subject to the Liquidation Priority of Payments.

4.9.5 **Final Maturity Date.**

The Final Maturity Date and consequently the final amortisation of the Bonds is July 17, 2049 or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise any or all of the Series in the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

4.10 **Indication of yield.**

The average life, yield, term and final maturity of the Bonds in each Series depend on several factors, most significant among which are the following:

- i) The repayment schedule and system of each Mortgage Loan established in the relevant loan document.
- ii) The Obligors' capacity to prepay the Mortgage Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Mortgage Loan prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also "CPR"), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.
- iii) The floating interest rates which shall apply to each Mortgage Loan, resulting in the repayment amount on every instalment differing, notwithstanding their potential renegotiation to a fixed rate.
- iv) The Obligors' delinquency and default in payment of Mortgage Loan instalments.

The following assumed values have been used for the above-mentioned factors in calculating the amounts given in the tables contained in this section:

- Mortgage Loan interest rate: 3.49% weighted average interest rate as of October 28, 2006 of the portfolio of selected mortgage loans which has been used for calculating the repayment instalments and interest of each of the selected mortgage loans;
- Mortgage Loan portfolio delinquency: 0.10% of the Outstanding Balance of the Mortgage Loans, with 100% recoveries within 15 months of becoming delinquent;
- Mortgage Loan portfolio doubtful debts rated as bad debts: 0%;
- that the Mortgage Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is November 27, 2006;
- that there is no Amortisation Deficiency, and
- that there is no extension of the term of any of the selected mortgage loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their interest rate, which floats. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from the straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 4-month Euribor (3.645%) and 5-month Euribor (3.696%) on November 14, 2006 and the average margins in the range established for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
Nominal interest rate	3.736%	3.796%	3.931%	4.091%	5.781%	7.131%

For successive Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (3.593%) on November 14, 2006 and the average margins for each Series:

	Series A1 Bonds	Series A2 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds
Nominal interest rate	3.648%	3.708%	3.843%	4.003%	5.693%	7.043%

4.10.1 Estimated average life, yield or return, duration and final maturity of the Bonds.

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3.1(i) of the Registration Document when the Outstanding Balance of the Mortgage Loans is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, would be as follows:

% CPR:	6.00%	8.00%	10.00%	12.00%	14.00%
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Series A1 Bonds					
Average life (years)	1.39	1.39	1.39	1.39	1.39
IRR	3.773%	3.773%	3.773%	3.773%	3.773%
Duration (years)	1.31	1.31	1.31	1.31	1.31
Final maturity	17 04 2008	17 04 2008	17 04 2008	17 04 2008	17 04 2008
(in years)	1.39	1.39	1.39	1.39	1.39

Series A2 Bonds					
Average life (years)	9.06	7.72	6.70	5.89	5.24
IRR	3.817%	3.817%	3.817%	3.817%	3.817%
Duration (years)	6.97	6.11	5.43	4.87	4.41
Final maturity	18 01 2027	17 07 2024	18 07 2022	19 10 2020	17 04 2019
(in years)	20.16	17.65	15.65	13.90	12.39

Series B Bonds					
Average life (years)	14.11	12.10	10.52	9.25	8.19
IRR	3.957%	3.957%	3.957%	3.957%	3.957%
Duration (years)	10.30	9.15	8.19	7.37	6.67
Final maturity	18 01 2027	17 07 2024	18 07 2022	19 10 2020	17 04 2019
(in years)	20.16	17.65	15.65	13.90	12.39

Series C Bonds					
Average life (years)	14.11	12.10	10.52	9.25	8.19
IRR	4.072%	4.072%	4.072%	4.072%	4.072%
Duration (years)	10.21	9.08	8.13	7.33	6.63
Final maturity	18 01 2027	17 07 2024	18 07 2022	19 10 2020	17 04 2019
(in years)	20.16	17.65	15.65	13.90	12.39

% CPR:	6.00%	8.00%	10.00%	12.00%	14.00%
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Series D Bonds					
Average life (years)	14.11	12.10	10.52	9.25	8.19
IRR	4.375%	4.375%	4.375%	4.375%	4.375%
Duration (years)	9.99	8.90	7.99	7.21	6.53
Final maturity	18 01 2027	17 07 2024	18 07 2022	19 10 2020	17 04 2019
(in years)	20.16	17.65	15.65	13.90	12.39

Series E Bonds					
Average life (years)	15.21	13.13	11.50	10.15	9.02
IRR	7.336%	7.336%	7.336%	7.336%	7.336%
Duration (years)	8.45	7.74	7.12	6.56	6.05
Final maturity	18 01 2027	17 07 2024	18 07 2022	19 10 2020	17 04 2019
(in years)	20.16	17.65	15.65	13.90	12.39

These figures have been calculated using the following formula:

Average life of the Bonds: for each Series, average of the time periods between the Closing Date and each Payment Date, using for weighting purposes the weights the principal to be repaid on each Payment Date has on the total face amount of the Series, in accordance with the following expression:

$$V = \frac{\sum (P \times d)}{T} \times \frac{1}{365}$$

Where:

- V = Average life in each Bond Series issued expressed in years.
- P = Principal to be repaid in each Bond Series on each Payment Date, in accordance with the estimated amount to be amortised in each Bond Series, as described in section 4.9.2 of this Securities Note.
- d = Number of days elapsed between the Closing Date and the Payment Date at issue.
- T = Total face amount in EUR in each Bond Series.

Internal rate of return (IRR): for each Series, interest rate equalling the restatement at present value of the total amortisation and interest amounts received on each Payment Date with the face value of the Bond.

$$N = \sum_{i=1}^n A_i (1+r)^{-(nd/365)}$$

Where:

- N = face value of the Bond in each Series.
- r = IRR expressed as an annual rate, per unit.
- A_i = (A₁ A_n). Total interest principal repayment and interest amounts to be received in each Series on each Payment Date.
- nd = Number of days comprised between the Closing Date of the issue and each of the n Payment Dates, not inclusive, during the life of the Bond.

Duration of the Bonds (adjusted Macaulay formula): for each Series, measure of Bond price sensitivity with respect to changes in yield.

$$D = \frac{\sum_{j=1}^n (a_j \times VA_j)}{PE} \times \frac{1}{(1+i)}$$

Where:

- D = Duration in each Bond Series expressed in years.
- a_j = Time elapsed (in years) between the Closing Date and each of the n Payment Dates at issue.

VA_j = Present value of each of the estimated amounts comprising principal repayment and gross interest, payable on each of the n Payment Dates discounted at the actual interest rate (IRR) in every Series.

PE = Issue price in every Bond Series.

i = Actual interest rate (IRR) in every Series, per unit.

The Management Company expressly states that the servicing tables described hereinafter for each Series are merely theoretical and given for illustrative purposes, and represent no payment obligation whatsoever, on the basis that:

- Whereas CPRs are assumed to be constant respectively at 8.00%, 10.00% and 12.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Mortgage Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby the Early Amortisation of the Bond Issue option when the Outstanding Balance of the Mortgage Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.

4.11 Representation of security holders.

No syndicate of bondholders will be set up for the securities included in this Bond Issue.

On the terms provided for in article 12.1 of Royal Decree 926/1998, it is the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time.

4.12 Resolutions, authorisations and approvals for issuing the securities.

a) Corporate resolutions.

Resolution to set up the Fund and issue the Bonds:

At its meeting of October 16, 2006, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998 and Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Credit rights owned by BANKINTER derived from loans granted by BANKINTER to individuals with real estate mortgage security on finished homes located in Spain assigned to the Fund upon being established by means of the issue by BANKINTER and subscription by the Fund of pass-through certificates, issued in accordance with the provisions of Additional Provision Five of Act 3/1994, as worded by article 18 of Act 44/2002.
- iii) The Bonds be issued by the Fund.

Resolution to assign mortgage loans by means of the issue of pass-through certificates:

At a meeting held on June 14, 2006, the Board of Directors of BANKINTER resolved that the assignment of the loans and the issue of pass-through certificates to be subscribed for by one or several Securitisation Funds be authorised.

b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of the entry in the Official Registers of the CNMV of this Prospectus and all other supporting documents, in accordance with the provisions of article 5.1.e) of Royal Decree 926/1998.

This Prospectus regarding the establishment of the Fund and issue of the Bonds has been entered in the CNMV's Official Registers on November 17, 2006.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company shall, with the presence of BANKINTER, Originator of the Mortgage Loans by means of the issue of the Pass-Through Certificates, proceed to execute on November 20, 2006 a public deed whereby BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANKINTER will issue and the Fund will subscribe for the Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the regulations contained in this Prospectus.

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers before the Bond Subscription Period begins.

4.13 Issue date of the securities.

The Bond issue date shall be November 20, 2006.

4.13.1 Potential investors to whom the Bonds are offered

Placement of the Bonds in each of Series A1, A2, B, C, D and E of the Bond Issue is targeted at qualified investors, and therefore, in accordance with the Securities Market Act and applicable implementing regulations, the Bond offering shall not be considered a public offering.

Tranches.

Each of the Series consists of one tranche only.

4.13.2 Bond subscription or acquisition date or period.

The subscription period (the “**Subscription Period**”) shall begin at 1pm (CET time) on November 22, 2006 and end at 2pm (CET time) on the same day.

4.13.3 Where and with whom may Bond subscription or acquisition be processed?

In order to be taken into account, subscription proposals shall be made with CALYON, MERRILL LYNCH, SCH, DEXIA CAPITAL MARKETS and FORTIS BANK, as Underwriters and Placement Agents, and BANKINTER, as Placement Agent, and observing the procedures established hereinafter in the following sections.

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in any of the other Series.

4.13.4 Placement and allocation of the Bonds.

The Underwriters and Placement Agents and the Placement Agent shall freely proceed to accept or turn down the subscription proposals received, making sure in any event that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents and the Placement Agent may nevertheless give priority to proposals of those of their customers as they shall deem fit or appropriate and indeed subscribe on their own account, for themselves or group companies, for all or part of each Bond Series.

The Underwriters and Placement Agents agree to subscribe in their own name, at the close of the Subscription Period, for such amount of Bonds as may be necessary to complete the figure of their underwriting commitment as determined in the Bond Issue Management, Underwriting and Placement Agreement.

4.13.5 Bond subscription payment method and dates.

The investors to whom the Bonds are allocated shall pay the relevant Underwriter and Placement Agent and the Placement Agent, as the case may be, by 1pm (CET time) on November 27, 2006 (the “**Closing Date**”), for same day value, the relevant issue price for each Bond allocated for subscription.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be traded. A transfer in the accounts will convey the ownership of each Bond. The effects of entering the conveyance to the transferee in the accounting record shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija (“**AIAF**”), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a Regulated Market, as contained in the Annotated List of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on May 12, 2005. The Management Company undertakes that definitive admission to trading will be achieved not later than one month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on the AIAF, in accordance with the laws in force and the requirements of its governing bodies, and the Fund agrees through its Management Company to observe the same.

In the event that, by the end of the one-month period referred to in the first paragraph of this section, the Bonds should not be admitted to trading on the AIAF, the Management Company shall forthwith proceed to notify Bondholders thereof, moreover advising of the reasons resulting in such breach, using the extraordinary notice procedure provided for in section 4.1.2 of the Building Block, i.e., publication of the relevant event at the CNMV and, additionally, publication of an announcement in the AIAF market bulletin. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be, if the delay is for reasons exclusively attributable to the same.

5.2 Paying agents and depository agents.

5.2.1 Paying Agent of the Bond Issue.

The Bond Issue will be serviced through BANKINTER as Paying Agent. Payment of interest and repayments shall be notified to Bondholders in the events and in such advance as may be provided for each case in section 4.1.1 of the Building Block. Interest and amortisation shall be paid to Bondholders by the relevant members and to the latter in turn by Iberclear, the institution responsible for the accounting record.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a paying agent agreement to service the Bonds issued by the Fund (the “**Paying Agent Agreement**”).

The obligations to be taken on by BANKINTER (the “**Paying Agent**”) under this Paying Agent Agreement are summarily as follows:

- (i) Paying the Fund by 3pm (CET time) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Bond Issue received from the Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting and Placement Agreement plus the face amount of the Bonds placed, as Placement Agent, and subscribed, as the case may be, for on its own account, deducting in both cases each of their respective underwriting and/or placement fees.
- (ii) Handing to the Management Company placement dissemination control information on each Series of the Bond Issue based on the information provided in that connection by the Underwriters and Placement Agents, using for that purpose the form duly established by the CNMV.
- (iii) On each of the Bond Payment Dates, paying interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on behalf of the Fund, in accordance with applicable tax laws.
- (iv) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of BANKINTER's short-term, unsecured and unsubordinated debt should, at any time during the life of the Bond Issue, be downgraded below P-1 or A-1 respectively by Moody's and S&P, the Management Company shall within not more than thirty (30) Business Days from the time of the occurrence of any such circumstances, after notifying the Rating Agencies, do any of the following: (i) revoke the appointment of BANKINTER as Paying Agent and thereupon designate another institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1 respectively by Moody's and S&P, to take its place before terminating the Paying Agent Agreement or, (ii) put in place any other actions allowing a suitable level of security to be maintained with respect to the commitments derived from this Agreement in order for there to be no detriment to the Bond rating given by the Rating Agencies. Should BANKINTER be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BANKINTER under the Paying Agent Agreement.

In consideration of the services provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of the agreement, a fee of EUR 1,502.53, inclusive of taxes as the case may be. This fee shall be paid on the same Payment Date provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

In the event that the Fund should not have sufficient liquidity to pay said full fee, then the amounts accrued and not paid shall be accumulated without any penalty whatsoever to the fee falling due on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid on the Payment Date on which they are settled.

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement.

6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.

The following are the expected expenses deriving from setting up the Fund and issuing and listing the Bond issue:

	EUR
• Initial Management Company fee	70,000.00
• Notary's, audit, rating and legal advice fees	313,347.80
• CNMV fees (registering Prospectus and supervising Bond admission to trading)	48,033.00
• AIAF and Iberclear fees for including the Bonds in the register of book entries	55,680.00
• Underwriting and/or placement fees	1,297,220.00
• Translation, printing and other expenses	8,969.70
Total expenses	1,793,250.50

7 ADDITIONAL INFORMATION.

7.1 Statement of the capacity in which the advisors connected with the issue mentioned in the Securities Note have acted.

RAMÓN Y CAJAL ABOGADOS S.L. ("RAMÓN & CAJAL"), as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed its tax implications.

BANKINTER and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and of the Bond Issue.

7.2 Other information in the Securities Note which has been audited or reviewed by auditors.

Not applicable.

7.3 Statement or report attributed to a person as an expert.

PRICEWATERHOUSECOOPERS has audited the selected mortgage loans on the terms set forth in section 2.2 of the Building Block and has audited BANKINTER's annual accounts.

7.4 Information sourced from a third party.

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BANKINTER as to the truthfulness of the characteristics of BANKINTER as Originator, of the Mortgage Loans and of the Pass-Through Certificates given in section 2.2.8 of the Building Block, and of the remaining information on BANKINTER, the Mortgage Loans and Pass-Through Certificates given in this Prospectus.

In the Deed of Constitution of the Fund, BANKINTER shall reaffirm to the Management Company the fulfilment of those characteristics on the date on which the Fund is established.

The Management Company confirms that the information from BANKINTER on the Mortgage Loans has been accurately reproduced and, to the best of its knowledge and ability to determine based on that information provided by BANKINTER, no fact has been omitted which might result in the information reproduced being inaccurate or deceptive.

7.5 Credit ratings assigned to the securities by rating agencies.

On November 15, 2006, Moody's and S&P have assigned the following provisional ratings to each Bond Series, and expects to assign the same final ratings by the start of the Bond Subscription Period.

Bond Series	Moody's Ratings	S&P Ratings
Series A1	Aaa	AAA
Series A2	Aaa	AAA
Series B	Aa3	A
Series C	A3	BBB
Series D	Ba1	BB-
Series E	Ca	CCC-

If the Rating Agencies should not confirm any of the assigned provisional ratings as final by the start of the Subscription Period, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and the issue of and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

Rating considerations.

The ratings assigned to each Bond Series by Moody's measure the expected loss before the Final Maturity Date. In Moody's opinion, the structure allows prompt payment of interest and payment of principal during the life of the transaction and, in any event, before the Final Maturity Date for Series A1, A2, B, C and D, and interest and principal payment before the Final Maturity Date for Series E.

The ratings assigned to each Bond Series by S&P measure the Fund's ability to meet interest payments as they fall due on each set Payment Date and principal repayment throughout the life of the transaction and, in any event, before the Final Maturity Date.

The rating takes into account the structure of the Bond Issue, the legal aspects thereof and of the issuing Fund, the characteristics of the mortgage loans selected to be assigned to the Fund and the regularity and continuity of the operating flows.

The Rating Agencies' ratings are not an assessment of the likelihood of obligors prepaying principal, nor indeed of the extent to which such prepayments differ from what was originally forecast. The ratings are not by any means a rating of the level of actuarial performance.

The ratings assigned, and any review or suspension of the ratings:

- (i) are assigned by the Rating Agencies based on manifold information received with respect to which they give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agencies may in no event be deemed to be responsible therefor; and
- (ii) are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

The Rating Agencies may review, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice. Those events, which shall not constitute early liquidation events of the Fund, shall be notified to both the CNMV and the Bondholders, in accordance with the provisions of section 4.1 of the Building Block.

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by BANKINTER, the Management Company, the auditors of the selected mortgage loans and lawyers.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comisión Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

SECURITIES BUILDING BLOCK

(Annex VIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. SECURITIES

1.1 Minimum denomination of the issue.

The Fund shall be set up by pooling the Pass-Through Certificates which BANKINTER shall issue to be subscribed for by the Fund upon being established and their total principal or capital shall be equal to or slightly above EUR one billion five hundred and forty-nine million four hundred thousand (1,549,400,000), the face value amount of the Series A1, A2, B, C and D Bonds.

1.2 Confirmation that the information relating to an undertaking or obligor not involved in the issue has been reproduced.

Not applicable.

2. UNDERLYING ASSETS

2.1 Confirmation that the securitised assets have capacity to produce funds to service any payments due and payable on the securities.

The Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised assets allow the payments due and payable on the Bonds issued to be satisfied.

Nevertheless, in order to cover for potential defaults on payment by the Obligors of the securitised Mortgage Loans, a number of credit enhancement transactions have been arranged allowing the amounts payable on the Bonds in each Series to be covered to a different extent and mitigating interest risk due to the different terms of the interest clauses of the Mortgage Loans and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short. The credit enhancement transactions are described in sections 3.4.2, 3.4.3, 3.4.4 and 3.4.7 of this Building Block.

Not all the Bonds issued have the same risk of default given the credit ratings assigned by the Rating Agencies to the Bonds in each Series, detailed in section 7.5 of the Securities Note.

Upon the occurrence of a (i) substantial alteration or permanent imbalance of the Fund due to any event or circumstance whatsoever unrelated to the Fund's operations or (ii) default indicating a serious permanent imbalance in relation to any of the Bonds issued or suggesting that it will occur, the Management Company may proceed with an Early Liquidation of the Fund and thereby an Early Amortisation of the Bond Issue on the terms laid down in section 4.4.3 of the Registration Document.

2.2 Assets backing the issue.

The credit rights to be pooled in the Fund, represented by the Management Company, upon being established, shall exclusively consist of the Pass-Through Certificates issued by BANKINTER on the Mortgage Loans (loans granted by BANKINTER to individuals with real estate mortgage security on finished homes located in Spain).

The portfolio of selected mortgage loans from which the Mortgage Loans to be assigned to the Fund upon being established will be taken comprises 12,198 mortgage loans, the outstanding principal as at October 28, 2006 being EUR 1,646,990,741.12 and the overdue principal being EUR 44,987.50.

Audit of the assets securitised through the Fund.

These selected mortgage loans have been audited by PRICEWATERHOUSECOOPERS.

That audit was made using sampling techniques consisting of analysing a number of mortgage loans fewer -sample- than the full selection of mortgage loans -population-, allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample mortgage loans and specifically regarding: loan and mortgage origination, nature of the loan and the borrower, identification of the borrower, loan origination date, loan maturity date, initial loan amount, current mortgage loan balance, interest rate or benchmark index, interest rate spread, interest rate applied, mortgaged property, address of the mortgaged property, appraisal value, current loan to value ratio, mortgage security, arrears in payment, damage insurance and loan transfer. Mortgage loans in respect of which errors are detected in verifying the sample shall not be included by BANKINTER for issuing the Pass-Through Certificates.

The audit results shall be set out in a report prepared by PRICEWATERHOUSECOOPERS.

2.2.1 Legal jurisdiction by which the pool of assets is governed.

The securitised assets are governed by Spanish Law.

2.2.2 Description of the general characteristics of the obligors and the economic environment, as well as global statistical data referred to the securitised assets.

a) Number of mortgage loans and amount or outstanding balance thereon at present.

The portfolio of selected mortgage loans from which the Mortgage Loans backing the issue of the Pass-Through Certificates shall be taken, comprises 12,198 mortgage loans, the outstanding principal as at October 28, 2006 being EUR 1,646,990,741.12 and the overdue principal being EUR 44,987.50, which represents 0.0027% of the total outstanding principal.

b) Ranking of the mortgaged real estate security.

The following table shows the distribution of the outstanding principal of the mortgage loans with reference to the ranking of the mortgage real estate security.

Mortgage loan portfolio as of 28.10.2006				
Classification by mortgage ranking				
Mortgage ranking	Loans		Outstanding Principal (EUR)	
	No.	%		%
First Mortgage	8,432	69.13	1,441,667,831.58	87.53
Second Mortgage	3,766	30.87	205,322,909.54	12.47
Total	12,198	100.00	1,646,990,741.12	100.00

c) Information regarding outstanding principal of the selected mortgage loans.

Outstanding mortgage loan principal as of October 28, 2006 ranges between EUR 5,700.47 and EUR 1,170,551.08.

The following table gives the distribution of the outstanding mortgage loan principal in EUR 20,000.00 intervals. Intervals with no contents are not detailed.

Portfolio of mortgage loans as of 28.10.2006				
Classification by outstanding principal				
Outstanding principal interval (in EUR)	Loans		Outstanding principal (EUR)	
	No.	%		%
0.00 - 19,999.99	552	4.53	8,963,671.52	0.54
20,000.00 - 39,999.99	1,647	13.50	49,155,883.87	2.98
40,000.00 - 59,999.99	1,126	9.23	56,983,445.80	3.46
60,000.00 - 79,999.99	935	7.67	65,888,994.18	4.00
80,000.00 - 99,999.99	1,096	8.99	99,241,636.71	6.03
100,000.00 - 119,999.99	1,054	8.64	117,271,974.72	7.12
120,000.00 - 139,999.99	903	7.40	117,680,089.60	7.15
140,000.00 - 159,999.99	880	7.21	131,776,173.11	8.00
160,000.00 - 179,999.99	864	7.08	147,708,952.36	8.97
180,000.00 - 199,999.99	656	5.38	124,830,567.03	7.58
200,000.00 - 219,999.99	519	4.25	108,926,416.80	6.61
220,000.00 - 239,999.99	453	3.71	104,382,554.84	6.34
240,000.00 - 259,999.99	307	2.52	76,537,894.87	4.65
260,000.00 - 279,999.99	238	1.95	64,216,463.69	3.90
280,000.00 - 299,999.99	227	1.86	65,849,017.52	4.00
300,000.00 - 319,999.99	120	0.98	37,242,005.88	2.26
320,000.00 - 339,999.99	104	0.85	34,207,386.42	2.08
340,000.00 - 359,999.99	109	0.89	38,087,682.30	2.31
360,000.00 - 379,999.99	54	0.44	19,932,665.14	1.21
380,000.00 - 399,999.99	62	0.51	24,230,495.95	1.47
400,000.00 - 419,999.99	57	0.47	23,377,776.75	1.42
420,000.00 - 439,999.99	28	0.23	12,007,787.03	0.73
440,000.00 - 459,999.99	35	0.29	15,693,589.41	0.95
460,000.00 - 479,999.99	29	0.24	13,595,198.45	0.83
480,000.00 - 499,999.99	28	0.23	13,736,839.28	0.83
500,000.00 - 519,999.99	11	0.09	5,609,576.12	0.34
520,000.00 - 539,999.99	12	0.10	6,357,978.07	0.39
540,000.00 - 559,999.99	10	0.08	5,457,460.22	0.33
560,000.00 - 579,999.99	11	0.09	6,289,136.41	0.38
580,000.00 - 599,999.99	14	0.11	8,251,398.39	0.50
600,000.00 - 619,999.99	3	0.02	1,809,750.00	0.11
620,000.00 - 639,999.99	6	0.05	3,770,010.86	0.23
640,000.00 - 659,999.99	5	0.04	3,221,105.35	0.20
660,000.00 - 679,999.99	4	0.03	2,666,217.66	0.16
680,000.00 - 699,999.99	4	0.03	2,762,502.05	0.17
700,000.00 - 719,999.99	4	0.03	2,842,832.31	0.17
720,000.00 - 739,999.99	4	0.03	2,918,518.12	0.18
740,000.00 - 759,999.99	2	0.02	1,500,523.59	0.09
760,000.00 - 779,999.99	6	0.05	4,607,451.16	0.28
780,000.00 - 799,999.99	4	0.03	3,139,310.61	0.19
800,000.00 - 819,999.99	1	0.01	800,000.00	0.05
820,000.00 - 839,999.99	1	0.01	825,000.00	0.05
840,000.00 - 859,999.99	1	0.01	841,000.00	0.05
860,000.00 - 879,999.99	2	0.02	1,728,532.06	0.10
880,000.00 - 899,999.99	1	0.01	888,473.69	0.05
900,000.00 - 919,999.99	1	0.01	919,999.19	0.06
920,000.00 - 939,999.99	1	0.01	938,738.95	0.06
960,000.00 - 979,999.99	1	0.01	965,113.80	0.06
980,000.00 - 999,999.99	2	0.02	1,985,675.40	0.12
1,040,000.00 - 1,059,999.99	1	0.01	1,047,347.84	0.06
1,060,000.00 - 1,079,999.99	1	0.01	1,064,341.46	0.06
1,080,000.00 - 1,099,999.99	1	0.01	1,087,033.50	0.07
1,160,000.00 - 1,179,999.99	1	0.01	1,170,551.08	0.07
Total	12,198	100.00	1,646,990,741.12	100.00
	Average principal:		135,021.38	
	Minimum principal:		5,700.47	
	Maximum principal:		1,170,551.08	

d) Information regarding applicable nominal interest rates.

The nominal interest rates applicable to the selected mortgage loans as of October 28, 2006 range between 2.50% and 5.72%, the average nominal interest rate weighted by the outstanding principal being 3.49%.

The following table gives the distribution of the mortgage loans by 0.50% nominal interest rate intervals.

Portfolio of mortgage loans as of 28.10.2006					
Classification by nominal interest rates					
% Interest Rate Interval	Loans		Outstanding principal (EUR)		%Interest Rate*
		%		%	
2.50 - 2.99	1,442	11.82	214,716,143.39	13.04	2.87
3.00 - 3.49	4,369	35.82	632,341,746.21	38.39	3.24
3.50 - 3.99	4,365	35.78	584,733,472.64	35.50	3.72
4.00 - 4.49	1,872	15.35	205,316,366.83	12.47	4.15
4.50 - 4.99	115	0.94	8,032,779.70	0.49	4.64
5.00 - 5.49	32	0.26	1,749,420.41	0.11	5.16
5.50 - 5.99	3	0.02	100,811.94	0.01	5.72
Total	12,198	100.00	1,646,990,741.12	100.00	
			Weighted average:		3.49
			Simple average:		3.53
			Minimum:		2.50
			Maximum:		5.72

*Average nominal interest rate of the interval weighted by the outstanding principal.

e) Information regarding benchmark indices applicable for determining the floating interest rates applicable to the selected mortgage loans.

The selected mortgage loans are all floating-rate loans. The following table gives the distribution of the mortgage loans according to benchmark indices applicable to them for determining the nominal interest rate, indicating the weighted average margin that is added to the relevant benchmark index for that determination.

Portfolio of mortgage loans as of 28.10.2006					
Classification by interest rate benchmark index					
Benchmark index	Loans		Outstanding principal (EUR)		%Margin * o/index
		%		%	
1-year EURIBOR/MIBOR	12,198	100.00	1,646,990,741.12	100.00	0.52
Total	12,198	100.00	1,646,990,741.12	100.00	

*Average margin weighted by the outstanding principal.

f) Information regarding selected mortgage loan origination dates.

The provisional portfolio mortgage loans were originated on dates comprised between January 2, 2003 and June 30, 2006, average portfolio age being 12.34 months as at October 28, 2006.

The following table gives the distribution of mortgage loans according to origination date by six-monthly intervals, and the maximum and minimum average weighted age.

Portfolio of mortgage loans as of 28.10.2006				
Classification by mortgage loan origination date				
Date interval	Loans		Outstanding principal	
		%	(EUR)	%
01/01/2003 to 30/06/2003	117	0.96	15,063,590.31	0.91
01/07/2003 to 31/12/2003	206	1.69	30,208,069.93	1.83
01/01/2004 to 30/06/2004	248	2.03	33,858,852.31	2.06
01/07/2004 to 31/12/2004	318	2.61	35,220,632.78	2.14
01/01/2005 to 30/06/2005	2,239	18.36	254,652,209.61	15.46
01/07/2005 to 31/12/2005	4,251	34.85	563,478,368.03	34.21
01/01/2006 to 30/06/2006	4,819	39.51	714,509,018.15	43.38
Total	12,198	100.00	1,646,990,741.12	100.00
Weighted average age		12.34	Months	
Maximum age	02/01/2003	45.86	Months	
Minimum age	30/06/2006	3.95	Months	

g) Information regarding selected mortgage loan final maturity date.

The final maturity of the selected mortgage loans falls on dates comprised between October 27, 2007 and June 21, 2046.

Mortgage loans are repaid throughout the life remaining until full repayment, during which period mortgagors must pay instalments comprising capital repayment and interest.

At any time during the life of the mortgage loans, obligors may prepay all or part of the outstanding capital, in which case the accrual of interest on the part prepaid will cease as of the date on which the repayment occurs.

The following table gives the distribution of mortgage loans according to final maturity date in yearly intervals, and total weighted average residual life and first and last maturity dates.

Portfolio of mortgage loans as of 28.10.2006						
Classification by final maturity date						
Final maturity year	Loans		Outstanding principal		Residual life_{wa}*	
		%	(EUR)	%	Months	Date
2007	1	0.01	8,755.95	0.00	11.96	27/10/2007
2008	3	0.02	83,178.14	0.01	23.23	4/10/2008
2009	5	0.04	148,240.08	0.01	32.95	27/07/2009
2010	17	0.14	511,334.07	0.03	46.19	3/09/2010
2011	20	0.16	886,031.76	0.05	54.90	26/05/2011
2012	35	0.29	1,870,661.29	0.11	70.03	29/08/2012
2013	41	0.34	1,891,156.32	0.11	79.58	15/06/2013
2014	48	0.39	2,687,384.00	0.16	91.44	11/06/2014
2015	172	1.41	11,409,719.25	0.69	106.66	18/09/2015
2016	164	1.34	12,383,655.85	0.75	113.39	9/04/2016
2017	87	0.71	4,771,615.15	0.29	129.32	7/08/2017
2018	120	0.98	7,336,806.46	0.45	139.18	3/06/2018

Portfolio of mortgage loans as of 28.10.2006						
Classification by final maturity date						
Final maturity year	Loans		Outstanding principal		Residual life _{wa} *	
		%	(EUR)	%	Months	Date
2019	110	0.90	7,808,554.83	0.47	152.11	2/07/2019
2020	449	3.68	32,883,430.21	2.00	166.11	31/08/2020
2021	381	3.12	35,845,561.18	2.18	173.29	6/04/2021
2022	92	0.75	7,044,357.62	0.43	189.54	14/08/2022
2023	163	1.34	13,544,390.98	0.82	200.51	14/07/2023
2024	206	1.69	18,896,929.92	1.15	211.70	19/06/2024
2025	874	7.17	82,164,531.62	4.99	226.11	31/08/2025
2026	681	5.58	74,957,220.73	4.55	232.88	25/03/2026
2027	138	1.13	10,328,187.88	0.63	249.04	30/07/2027
2028	194	1.59	18,609,262.64	1.13	260.03	29/06/2028
2029	202	1.66	19,792,220.23	1.20	271.99	28/06/2029
2030	927	7.60	108,994,345.62	6.62	286.26	5/09/2030
2031	722	5.92	99,041,516.64	6.01	292.86	25/03/2031
2032	184	1.51	14,693,168.16	0.89	308.47	12/07/2032
2033	288	2.36	34,520,646.21	2.10	320.95	27/07/2033
2034	339	2.78	47,831,506.03	2.90	331.75	21/06/2034
2035	1,682	13.79	262,821,693.01	15.96	346.09	31/08/2035
2036	1,223	10.03	204,972,765.68	12.45	352.58	16/03/2036
2037	46	0.38	5,674,714.50	0.34	369.02	29/07/2037
2038	132	1.08	20,947,967.03	1.27	381.29	7/08/2038
2039	153	1.25	24,894,653.86	1.51	391.57	15/06/2039
2040	1,157	9.49	223,508,869.98	13.57	406.19	2/09/2040
2041	974	7.98	197,241,686.40	11.98	412.50	13/03/2041
2042	3	0.02	618,443.83	0.04	425.31	7/04/2042
2043	4	0.03	704,332.17	0.04	438.38	10/05/2043
2044	3	0.02	790,093.09	0.05	449.63	17/04/2044
2045	4	0.03	875,793.04	0.05	464.84	24/07/2045
2046	154	1.26	32,995,359.71	2.00	473.52	14/04/2046
Total	12,198	100.00	1,646,990,741.12	100.00		
	Weighted average:				326,94	25/01/2034
	Simple average:				299,43	11/10/2031
	Minimum:				11,96	27/10/2007
	Maximum:				475,76	21/06/2046

*Residual life (months and date) are averages weighted by the outstanding principal.

h) Specification of maximum, minimum and average value of the “current loan principal/appraisal value” ratio.

The ratio, expressed as a percentage, of the principal amount not yet due or, in the case of second-ranked mortgages, the aggregate of that outstanding principal amount and the outstanding principal amount of the first-ranked mortgage loan as at October 28, 2006 to the appraisal value of the mortgaged properties of provisional portfolio mortgage loans ranged between 1.63% and 100.00%, the weighted average ratio being 65.89%.

The following table shows the distribution of mortgage loans according to 5.00% ratio intervals.

Portfolio of mortgage loans as of 28.10.2006					
Classification by Loan-to-Value Ratio					
Ratio Intervals	Loans		Outstanding Principal (EUR)		Loan*-to-Value** (%)
		%		%	
0.01 - 5.00	6	0.05	89,781.16	0.01	3.16
5.01 - 10.00	52	0.43	1,835,856.20	0.11	7.73
10.01 - 15.00	141	1.16	6,804,930.19	0.41	12.88
15.01 - 20.00	229	1.88	15,032,477.55	0.91	17.72
20.01 - 25.00	327	2.68	22,538,312.35	1.37	22.64
25.01 - 30.00	428	3.51	31,572,640.62	1.92	27.74
30.01 - 35.00	545	4.47	46,030,930.30	2.79	32.58
35.01 - 40.00	657	5.39	61,149,855.97	3.71	37.65
40.01 - 45.00	765	6.27	79,474,771.67	4.83	42.69
45.01 - 50.00	842	6.90	91,784,254.51	5.57	47.52
50.01 - 55.00	932	7.64	109,382,313.97	6.64	52.56
55.01 - 60.00	1,002	8.21	127,843,003.42	7.76	57.56
60.01 - 65.00	973	7.98	129,332,946.76	7.85	62.40
65.01 - 70.00	1,049	8.60	144,202,026.20	8.76	67.57
70.01 - 75.00	916	7.51	145,447,525.62	8.83	72.56
75.01 - 80.00	1,463	11.99	253,348,113.78	15.38	77.94
80.01 - 85.00	585	4.80	112,942,463.42	6.86	82.40
85.01 - 90.00	484	3.97	99,063,207.58	6.01	87.23
90.01 - 95.00	421	3.45	86,655,544.14	5.26	92.47
95.01 - 100.00	381	3.12	82,459,785.71	5.01	97.36
Total	12,198	100.00	1,646,990,741.12	100.00	
	Weighted average:				65.89 %
	Simple Average:				59.47 %
	Minimum:				1.63 %
	Maximum:				100.00 %
* Outstanding principal: principal not yet due or, in the case of second-ranked mortgages, the aggregate of that outstanding principal amount and the outstanding principal amount of the first-ranked mortgage loan					
** Loan-to-Value Ratio lists averages weighted by the outstanding principal.					

i) Information regarding geographical distribution by Autonomous Communities of the selected mortgage loans.

The following table gives the geographical distribution of the selected mortgage loans arranged by Autonomous Communities in which the properties securing the same are located.

Portfolio of mortgage loans as of 28.10.2006					
Classification by Autonomous Communities					
Autonomous Communities	Loans		Outstanding principal (EUR)		
		%		%	
Andalusia	1,411	11.57	169,054,494.28	10.26	
Aragón	253	2.07	35,970,376.18	2.18	
Asturies	219	1.80	22,146,515.73	1.34	
Balearic Isles	306	2.51	41,860,783.55	2.54	
Canary Islands	646	5.30	78,173,096.81	4.75	
Cantabria	315	2.58	36,334,546.19	2.21	
Catalonia	2,026	16.61	302,184,241.80	18.35	
Basque Country	824	6.76	124,217,008.49	7.54	
Extremadura	72	0.59	7,686,716.14	0.47	
Galicia	268	2.20	24,906,567.62	1.51	
Castile-León	434	3.56	51,761,115.27	3.14	
Madrid	3,202	26.25	519,825,833.61	31.56	
Castile La Mancha	317	2.60	36,067,924.02	2.19	
Melilla	1	0.01	12,212.78	0.00	
Murcia	228	1.87	23,382,976.97	1.42	
Navarre	27	0.22	4,077,685.55	0.25	

Portfolio of mortgage loans as of 28.10.2006				
Classification by Autonomous Communities				
Autonomous Communities	Loans		Outstanding principal	
		%	(EUR)	%
La Rioja	42	0.34	4,973,663.50	0.30
Valencian Community	1,607	13.17	164,354,982.63	9.98
Total	12,198	100.00	1,646,990,741.12	100.00

j) Information regarding delays in collecting selected mortgage loan principal instalments.

The following table gives the number of mortgage loans, the outstanding principal and the overdue principal on the selected mortgage loans in regard to which there was any delay in payment of amounts due as of October 28, 2006.

Arrears in payment of instalments due as of 28.10.2006				
Day Interval	Loans	Outstanding principal	Overdue Principal	% of Total Outstanding Principal
1 to 15 days	142	14,822,317.57	25,280.18	0.0015
16 to 30 days	31	3,665,285.36	10,627.26	0.0006
31 to 60 days	16	2,290,356.91	9,080.06	0.0006
Total overdue	189	20,777,959.84	44,987.50	0.0027

As described in section 2.2.8 (26) of the Building Block, none of the Mortgage Loans that will finally be the subject of the issue of the Pass-Through Certificates for the Fund to be established shall have any payments more than one (1) month overdue on their issue date.

2.2.3 Legal nature of the pool of assets.

The assets selected to be securitised are loans granted by BANKINTER to individuals with real estate mortgage security on finished homes located in Spain, originated in a public deed.

The mortgage loans were originated in a public deed subject to the Civil Code, Mortgage Act, February 8, 1956, mortgage market regulation rules and supplementary laws.

The Mortgage Loans shall be assigned to the Fund by means of the issue by BANKINTER of and subscription by the Fund for Pass-Through Certificates subject to the provisions of Act 2/1981 and Additional Provision Five of Act 3/1994, as worded by article 18 of Act 44/2002 and other applicable laws, on the terms provided for in section 3.3 of this Building Block.

2.2.4 Expiry or maturity date(s) of the assets.

The selected mortgage loans each have a final maturity date without prejudice to periodic partial repayment instalments, on the specific terms applicable to each of them.

Obligors may at any time during the life of the mortgage loans prepay all or part of the outstanding capital, in which case the accrual of interest on the part prepaid will cease as of the date on which repayment occurs.

Final maturity date of the selected mortgage loans as of October 28, 2006 lies between October 27, 2007 and June 21, 2046. Section 2.2.2.g) above contains a table giving the distribution of the selected mortgage loans based on the final maturity date for each one.

2.2.5 Amount of the assets.

The Fund shall be set up with the Pass-Through Certificates which BANKINTER shall issue on the Mortgage Loans to be subscribed for by the Fund upon being established and their total principal or capital shall be equal to or slightly above EUR one billion five hundred and forty-nine million four hundred thousand (1,549,400,000), the face value amount of the Series A1, A2, B, C and D Bonds.

The portfolio of selected mortgage loans from which the Mortgage Loans to be assigned to the Fund upon being established will be taken comprises 12,198 mortgage loans, the outstanding principal as at October 28, 2006 being EUR 1,646,990,741.12 and the overdue principal being EUR 44,987.50.

2.2.6 Loan to value ratio or level of collateralisation.

The loan to value ratio or level of collateralisation ratio is given in section 2.2.2 h).

2.2.7 Method of creation of the assets.

Credit risk decisions are made at BANKINTER by means two approval systems:

- Automatic approval
- Manual approval

Broadly, and saving the peculiarities of certain processes, the risks process begins at the branch or centre upon the customer applying for a credit facility and the customer's signature being obtained.

Both where the approval is automatic and where it becomes manual, a proposal is drawn up by the branch through an electronic file. The proposal is the basic support with which to study and analyse a customer and sets in motion the electronic processing of transactions.

Automatic approval

BANKINTER has a system for individuals which captures the necessary data for each transaction and controls the entire process of empowerment and passage of transactions that cannot be approved by the system to subsequent manual approval. It also feeds information to the control and alerts systems and ensures consistency between authorisation and booking of transactions, and has an approval rules control application that allows the same to be duly monitored.

At present, that system is used for processing almost all transactions for individuals.

That transaction approval and authorisation processing system includes since 2005 an objective rating system based on a statistical model in accordance with Basle II regulations.

The prime rating objectives are:

1. Laying down benchmarks for the risks
2. Making provisions in keeping with that rating
3. Proceeding to a proper capital allocation.

Rating is designed to allocate customers a score representing their credit quality. The rating model sorts each risk category into consistent groups arranged hierarchically by the rating.

The rating is used to approve having regard to the risks policy defined for each product and category; in particular for each transaction the rating will:

- authorise,
- refuse or
- leave the transaction in "manual" status in order for the empowered loan committees to make a decision.

The rating model provides a rating, 1 being the worst score and 9 being the best score. Transactions included within each rating have a similar default frequency and meet the same requirements of the prevailing model.

After assessing the default probabilities of each rating, each group is assigned an assessed DP (default probability).

The score, which is the result of weighting a number of objective and subjective variables:

- Allows the portfolio to be ordered and rated.
- Boosts the control and monitoring tools.
- Assists decision-making.

The selection of objective variables that are finally weighted for rating purposes originates in a great many factors and ratios relating to the financial status and development of the customers and/or transaction.

Along with the rating, other elements subsist for decision-making. Such are capacity modules relating to the characteristics of the product and security (maturity, amount...), appraisal value -in the case of homes eligible for the official protection system BANKINTER's policy is that these loans be granted based on the maximum legal value applicable to the home-, etc., the individual's economic and financial status, and the risks policy at BANKINTER.

In drawing up the statistical rating models, payment defaults have been used based on the standards set by the Bank of Spain.

Moreover, as required by Bank of Spain regulations, in accordance with the Basle II Accord, rating models calculate the default probability within the next 12 months, over a five-year period.

The calculations and functions implemented are regularly reviewed, taking to the historic file data from manually approved transactions refused by the automatic system, and analysing the results obtained in different simulations having regard to delinquency and profitability.

Manual approval

Decisions at BANKINTER by manual approval are collegially made through loan committees. Moreover, those committees are empowered to approve transactions outside the automatic systems based on certain empowerment levels.

In order to go about this type approval BANKINTER has established two stages:

1. Risks file

Analysing and reporting on manual approval requires having for every customer the mandatory risks file containing all information concerning the customer and the transaction, which includes documents supporting the customer's activity, such as repayment capacity, credit standing, payment history and experience with the Bank and all other financial institutions, risks at the Bank of Spain's Risks Centre, and all such information as must be available, as directed by the different internal and external audits and the Bank of Spain.

2. Committee Approval

Once the branch completes the electronic file, the transaction at issue shall be cleared by the relevant Committee in accordance with the empowerment table, following approval by the lower level Committees.

Five decision levels may be singled out having regard to the powers with which each of the following committees are entrusted:

- ❑ **Branch Loan Committee**
The Branch Manager acts as Committee Chair. The level of powers entrusted to this Committee varies according to the Manager's experience, the investment figure and delinquency, and the staff number.
- ❑ **Organisation Loan Committee**
BANKINTER consists of a certain number of Organisations established by geographic criteria. The powers allocated to each Organisation are conferred by the Risks Committee. Those powers vary depending on the characteristics of the Organisations.
- ❑ **Risks Management Loan Committee**
This body has powers authorised by the Risks Committee. Their figure is independent of the type of security or term of the transaction.
- ❑ **Risks Committee**
This Committee also has powers conferred by the Board of Directors, their figure being independent of the type of security or term of the transaction. Beyond that amount, the actual Board of Directors shall be the duly empowered body.
- ❑ **Board of Directors**
This is the highest approval body.

In all cases, the decisions made must all be set down in minutes signed by all members of the relevant Committee.

In transactions controlled by the Authorisations system, in addition to the above, it is necessary to transmit an automated risk application file by means of purposely enabled transactions. Once the Authorisations system has obtained the relevant authorisation, the transaction can be concluded, and the file number covering the transaction must be reported.

2.2.8 Indication of representations and collaterals given to the issuer relating to the assets.

The Management Company reproduces below the representations and warranties BANKINTER shall, as holder of the Mortgage Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, give and make in the Deed of Constitution of the Fund to the Management Company, on the Fund's behalf.

1. In relation to BANKINTER.

- (1) That BANKINTER is a credit institution duly incorporated in accordance with the laws in force for the time being and entered in the Companies Register and in the Bank of Spain's Register of Credit Institutions, and is authorised to operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has BANKINTER had a creditors' meeting called or been insolvent, in receivership or bankrupt, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BANKINTER has obtained all necessary authorisations both from the administration and from its corporate bodies and third parties who may be affected by the assignment of the Mortgage Loans to the Fund and the issue of the Pass-Through Certificates, to validly execute the Deed of Constitution, for the undertakings made therein and to execute the agreements relating to the establishment of the Fund.
- (4) That BANKINTER has audited accounts for the years 2005, 2004 and 2003 with a favourable opinion and without any negative provisos from the auditors in any of those years and they have been filed with the CNMV and with the Companies Register.

2. In relation to the Pass-Through Certificates and the Mortgage Loans.

- (1) That the Pass-Through Certificates are issued at arm's length and in accordance with Act 2/1981, Royal Decree 685/1982, amended by Royal Decree 1289/1991, the rules of Additional Provision Five of Act 3/1994, as worded by article 18 of Act 44/2002 and other applicable laws, and satisfy all the requirements established therein and are susceptible of being included in an Asset Securitisation Fund.
- (2) That the Pass-Through Certificates are issued for the same term remaining until maturity and for the same interest rate of each of the underlying Mortgage Loans.
- (3) That the Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws, and all applicable laws have also been observed in granting the same.
- (4) That BANKINTER is the legal and beneficial owner of all the Mortgage Loans and of the relevant mortgages and there is no obstacle whatsoever for the Pass-Through Certificates to be issued.
- (5) That the details and information of the mortgage loans selected for the Pass-Through Certificates to be issued given in section 2 of the Building Block to the Prospectus, accurately reflect their status on the relevant date and are correct.
- (6) That the details of the Pass-Through Certificates and the Mortgage Loans included in the schedules to the Deed of Constitution accurately reflect the current status of those Mortgage Loans and Pass-Through Certificates and are full and accurate, and match the data files sent to the Management Company on those Mortgage Loans.
- (7) That the Mortgage Loans underlying the Pass-Through Certificates are part of the mortgage loans selected for the Pass-Through Certificates to be issued, the characteristics of which are given in section 2 of the Building Block to the Prospectus.
- (8) That the information on the Pass-Through Certificates and the Mortgage Loans given in the Prospectus is accurate and fairly reflects their real status.
- (9) That the Mortgage Loans are secured with a real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties ranking first or ranking second. Moreover, the Mortgage Loans are not encumbered by restrictions on disposal, conditions subsequent, or any other restriction on ownership beyond those, if any, derived from senior-ranking mortgages.
- (10) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly granted and entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations.
- (11) That the Mortgage Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (12) That the Mortgage Loans are all denominated and payable exclusively in euros, and the capital or principal has been fully drawn down.
- (13) That all the Mortgage Loan payment obligations are satisfied by directly debiting a bank account opened at BANKINTER.
- (14) That the Obligors are all individuals and are not employees, officers or directors of BANKINTER.
- (15) That the Mortgage Loans have been granted to individuals both directly and through subrogations of financing granted to developers for building homes.
- (16) That the mortgages are granted on real properties already built wholly legally and beneficially owned by the respective mortgagor and meeting the requirements established by article 27 of

Royal Decree 685/1982, and BANKINTER is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.

- (17) That the mortgaged properties underlying the Mortgage Loans are not ineligible as assets excluded for standing as security under article 31.1.d) of Royal Decree 685/1982, nor do the Mortgage Loans have any of the credit features excluded or restricted under article 32 of Royal Decree 685/1982.
- (18) That the mortgaged properties are all finished homes located in Spain and have been appraised by duly qualified institutions approved by the BANKINTER, evidence of which appraisal has been provided in the form of an appropriate certificate. The appraisals made satisfy all the requirements established in the mortgage market laws.
- (19) That for Mortgage Loans having second-ranked security there is a first-ranked mortgage securing a mortgage loan of which BANKINTER is the registered holder.
- (20) That the sum of the outstanding principal balance on each Mortgage Loan or, in the case of loans with second-ranked mortgages, the aggregate of that balance and the outstanding principal balance of the first-ranked mortgage loan does not exceed 100% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.
- (21) That BANKINTER is not aware of there having been any fall in the value of any of the properties mortgaged as security for the Mortgage Loans in excess of 20% of the appraisal value.
- (22) That the properties mortgaged as security for the Mortgage Loans all have at least a valid fire damage insurance, and the insured sum thereunder is not less than the appraisal value of the mortgaged property, excluding elements that are uninsurable by nature, or the current Mortgage Loan balance. In this connection, BANKINTER has taken out a supplementary and secondary global insurance policy guaranteeing damage insurance cover in the event of there being no cover or the insured sums falling short of the current Mortgage Loan balance.
- (23) That BANKINTER is not aware of the premiums accrued heretofore by the insurance taken out referred to in paragraph (22) above not having been paid in full.
- (24) That the Mortgage Loans are not represented by such instruments as registered, negotiable or bearer securities, other than the Pass-Through Certificates issued to be pooled in the Fund.
- (25) That none of the Pass-Through Certificates have any payments in excess of one (1) month overdue on the date of issue of the Pass-Through Certificates.
- (26) That BANKINTER is not aware that any Mortgage Loan Obligor holds any credit right against BANKINTER whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Pass-Through Certificates.
- (27) That BANKINTER has strictly adhered to the policies for granting credit in force at the time in granting each and every one of the Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the position of the initial borrower, and a summary description by BANKINTER of BANKINTER's policies for granting credits and loans with real estate security to individuals, currently in force, is given in section 2.2.7 of the Building Block to the Prospectus and is attached to the Deed of Constitution in that respect.
- (28) That the deeds for the mortgages granted on the properties to which the Mortgage Loans relate have all been duly filed in the records of BANKINTER suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Mortgage Loans are all clearly identified both in data files and by means of their deeds.
- (29) That the outstanding capital balance of each Mortgage Loan on the date of issue is equivalent to the principal figure of the relevant Pass-Through Certificate and that, in turn, the total capital of the Pass-Through Certificates shall be at least equal to EUR one billion five hundred and forty-nine million four hundred thousand (1,549,400,000).

- (30) That the final maturity date of the Mortgage Loans is at no event after June 21, 2046.
- (31) That after being granted the Mortgage Loans have been serviced and are still being serviced by BANKINTER in accordance with its set customary procedures.
- (32) That BANKINTER has no knowledge of the existence of any litigation whatsoever in relation to the Mortgage Loans which may detract from their validity or which may result in the application of Civil Code article 1535, or of the existence of circumstances which may result in the purchase agreement of the home mortgaged as security for the Mortgage Loans being ineffective.
- (33) That BANKINTER is not aware of any of the Obligors being able to make any objection whatsoever to paying any Mortgage Loan amount.
- (34) That on the date of issue BANKINTER has received no notice of full prepayment of the Mortgage Loans.
- (35) That all the Mortgage Loan capital or principal has been fully drawn down.
- (36) That the Mortgage Loan payment frequency is monthly, quarterly, six-monthly and yearly.
- (37) That on the date of the issue no Mortgage Loan has any clauses establishing interest rate floors and ceilings limiting the floating interest rate amount applicable to the Mortgage Loan.
- (38) That on the date of the issue at least two instalments have fallen due on each Mortgage Loan.
- (39) That BANKINTER is not aware of the existence of any circumstance whatsoever which might prevent the mortgage security from being enforced.
- (40) That once the Pass-Through Certificates are issued the outstanding principal balance of mortgage debentures issued, if any, by BANKINTER shall not be in excess of 90 percent of the sum of the capitals not repaid on its portfolio mortgage loans, deducting those affected by other mortgage instruments. And that there is no issue of mortgage bonds outstanding made by BANKINTER.
- (41) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds, mortgage certificates or pass-through certificates, other than the issue of the Pass-Through Certificates, and after their issue the Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage certificates or pass-through certificates other than the Pass-Through Certificates.
- (42) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.

2.2.9 Substitution of the securitised assets.

Set rules for substituting the Pass-Through Certificates or otherwise repayment to the Fund.

1. In the event of early amortisation of Pass-Through Certificates upon prepayment of the relevant Mortgage Loan capital, there will be no substitution of the affected Pass-Through Certificates.
2. In the event that it should be observed throughout the life of the Pass-Through Certificates that any of them or of the underlying Mortgage Loans fails to meet the representations contained in section 2.2.8 of this Building Block upon the Fund being constituted, BANKINTER agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, to a substitution or, as the case may be, early amortisation of the Pass-Through Certificate in that situation, subject to the following rules:

- a) The party becoming aware of the existence of a non-conforming Pass-Through Certificate, whether BANKINTER or the Management Company, shall notify the other party of this circumstance. BANKINTER shall have five (5) Business Days from said notice to proceed to remedy that circumstance if it may be remedied.
- b) The substitution shall be made for the outstanding principal plus interest accrued and not paid and any amount owing to the Fund until that date on the relevant Mortgage Loan underlying the substituted Pass-Through Certificate.

In order to proceed to the substitution, BANKINTER shall notify the Management Company of the characteristics of the mortgage loans proposed to be assigned under new Pass-Through Certificates satisfying the representations made in section 2.2.8 of this Building Block and similarly characterised as to residual term, interest rate, outstanding principal value, and credit quality construed as the existing ratio of the outstanding mortgage loan principal to the appraisal value of the property mortgaged as security, in order for the financial balance of the Fund, and indeed the Bond rating given by the Rating Agencies, to be unaffected by the substitution. Once the Management Company has checked that the substitute mortgage loan is appropriate, because it may be included in the Fund, and expressly agreed to it, BANKINTER shall proceed to issue the new replacement Pass-Through Certificate(s).

- c) The substitution shall be recorded in a notarial certificate setting forth all the particulars both of the Pass-Through Certificate to be replaced and the Mortgage Loan attached thereto, and the new Pass-Through Certificate(s) issued, along with details of the mortgage loans, and the reason for substituting and characteristics determining their homogenous nature as described in the last paragraph of section b) above, a copy of which shall be filed by the Management Company with the CNMV, Iberclear and AIAF, notifying the Rating Agencies.
 - d) In the event that any Pass-Through Certificate should not be substituted by issuing new ones on the terms set in rule b) of this section, BANKINTER shall proceed to an early amortisation of the affected Pass-Through Certificate. That early amortisation shall take place by a repayment in cash to the Fund of the outstanding principal, interest accrued and not settled, and any other amount owing to the Fund until that date on the Mortgage Loan underlying the relevant Pass-Through Certificate.
 - e) In the event of early amortisation of Pass-Through Certificates by BANKINTER due to both substitution and repayment, BANKINTER shall be vested in all the rights attaching to those Mortgage Loans accruing from the amortisation date or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Originator during the life of the Mortgage Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Originator of its duties which should not be borne by the Fund or by the Management Company.

Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Pass-Through Certificates, which shall not result in the Originator guaranteeing that the transaction will be successfully completed, but only the requisite redress of the effects resulting from the breach of its duties, in accordance with article 1124 of the Civil Code.

The expenses originated by the actions to remedy the Originator's breach shall be borne by the Servicer and cannot be charged to the Fund or the Management Company. The Management Company shall forthwith notify the CNMV of each and every replacement or redemption of Pass-Through Certificates resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

In accordance with the Originator's representation (22) given in section 2.2.8.2 of this Building Block, the properties mortgaged as security for the Mortgage Loans all have at least a valid fire damage insurance and the insured sum thereunder is not less than the appraisal value of the mortgaged property, excluding elements that are uninsurable by nature. In this connection, the Originator has taken out a supplementary and secondary global insurance policy guaranteeing damage insurance cover in the event of there being no cover or the insured sums falling short of the current loan balance. In addition, 1.11% of the selected mortgage loan portfolio as at October 28, 2006 from which the Mortgage Loans subject of the issue of the Pass-Through Certificates shall be taken have mortgage credit insurance taken out with Genworth Financial Mortgage Insurance Limited.

The Originator shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights the Originator has as the beneficiary of the damage insurance contracts made by the Obligors or any other insurance policy providing equivalent cover (in particular, the general insurance policy taken out by BANKINTER in the event of the damage insurance policy taken out by the Obligor not existing, falling short or being ineffective) and the mortgage credit insurance referred to in the preceding paragraph. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts the Originator would have received in connection with the above.

2.2.11 Information relating to the obligors where the securitised assets comprise obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more of the assets, or where an obligor accounts for a material portion of the assets.

Not applicable.

2.2.12 Details of the relationship, if it is material to the issue, between the issuer, guarantor and obligor.

There are no relationships between the Fund, the Originator, the Management Company and other parties involved in the transaction other than as set forth in sections 5.2 and 6.7 of the Registration Document and in section 3.2 of this Building Block.

2.2.13 Where the assets comprise fixed income securities, a description of the principal terms.

Not applicable.

2.2.14 Where the assets comprise equity securities, a description of the principal terms.

Not applicable.

2.2.15 If the assets comprise equity securities that are not traded on a regulated or equivalent market, where they represent more than ten (10) per cent of the securitised assets, a description of the principal terms.

Not applicable.

2.2.16 Valuation reports relating to the property and cash flow/income streams where a material portion of the assets are secured on real property.

The appraisal values of the properties securing the selected mortgage loans correspond to appraisals made by appraisers for the purpose of granting and arranging the same. No details are included regarding concentration of appraisal firms because that has not been considered significant.

2.3 Actively managed assets backing the issue.

Not applicable.

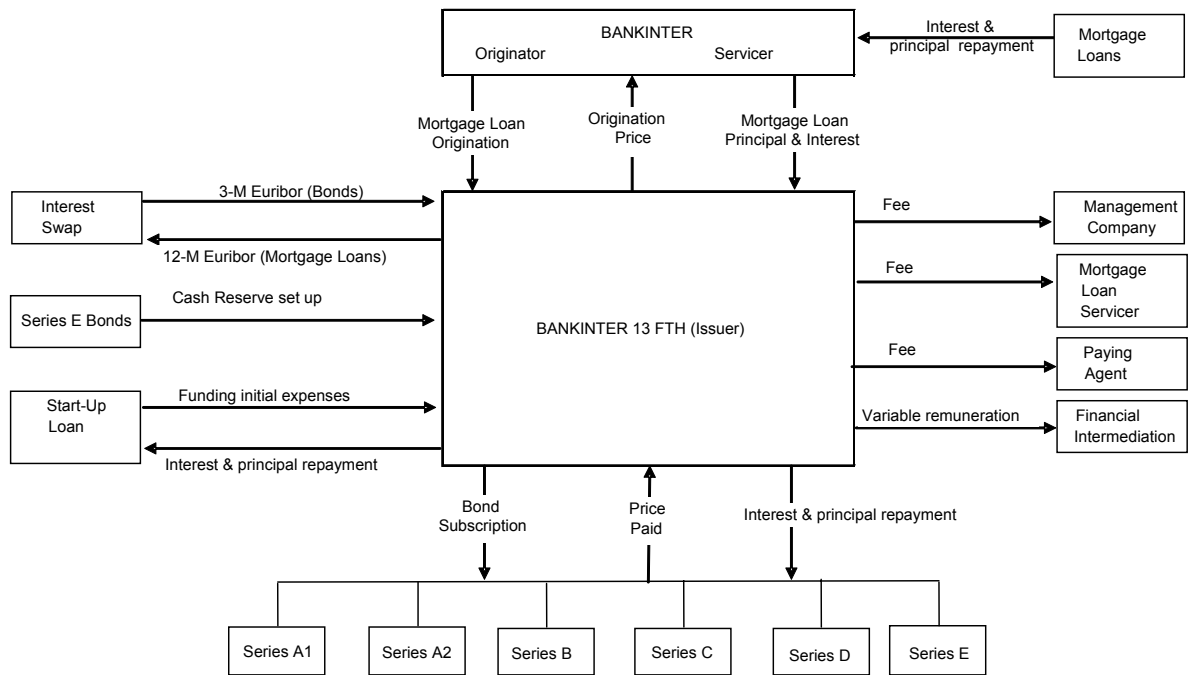
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

3.1 Description of the structure of the transaction, including if necessary, a diagram.

Transaction structure diagram.



Initial balance sheet of the Fund.

The balance sheet of the Fund on the Closing Date will be as follows:

ASSETS		LIABILITIES	
Fixed Assets	1,551,350,000.00	Bond Issue	1,570,000,000.00
Pass-Through Certificates (adjustment excess to EUR 156,749.50)	1,549,556,749.50	Series A1 Bonds	85,000,000.00
Set-up, issue and admission expenses*	1,793,250.50	Series A2 Bonds	1,397,400,000.00
		Series B Bonds	22,400,000.00
		Series C Bonds	24,100,000.00
		Series D Bonds	20,500,000.00
		Series E Bonds	20,600,000.00
Current assets	to be determined	Other long-term liabilities	1,950,000.00
Treasury Account*	20,600,000.00	Start-Up Loan	1,950,000.00
Amortisation Account	0.00		
Accrued interest receivable**	to be determined		
		Short-term creditors	to be determined
		Mortgage Loan interest accrued **	to be determined
Total assets	1,571,950,000.00	Total liabilities	1,571,950,000.00
MEMORANDUM ACCOUNTS			
Cash Reserve	20,600,000.00		
Interest Swap collections	to be determined		
Interest Swap payments	to be determined		

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 1,793,250.50 as detailed in section 6 of the Securities Note.

** As set forth in section 3.3.3 of this Building Block.

3.2 Description of the entities participating in the issue and of the functions to be performed by them.

- (i) EUROPEA DE TITULIZACIÓN is the Fund Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.
- (ii) BANKINTER is the Originator of the Mortgage Loans to be assigned to the Fund upon being established by means of the issue of the Pass-Through Certificates and shall be a Lead Manager and the Placement Agent of the Bond Issue.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANKINTER has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and (iii) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

Moreover, BANKINTER shall be counterparty to the Fund in the Guaranteed Interest Rate Account (Treasury Account), Guaranteed Interest Rate Account (Amortisation Account), Start-Up Loan, Interest Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.

- (iii) CALYON, MERRILL LYNCH and SCH shall be a Lead Managers and Underwriters and Placement Agents of the Bond Issue and shall be the joint Bond subscription orders book runners.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, CALYON, MERRILL LYNCH and SCH will, together with BANKINTER do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue subscription, (ii) liaising with potential investors and (iii) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

- (iv) DEXIA CAPITAL MARKETS and FORTIS BANK shall be Underwriters and Placement Agents of the Bond Issue.
- (v) RAMÓN & CAJAL, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed their tax implications.
- (vi) PRICEWATERHOUSECOOPERS have audited the selected mortgage loans of BANKINTER.

The description of the institutions referred to in the preceding paragraphs is contained in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, contained in the relevant sections, which it shall enter into, for and on the Fund's behalf, give the most substantial and relevant information on each of the agreements, and no information has been omitted which might affect the contents of the Prospectus.

3.3 Description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the issuer.

3.3.1 Perfecting the assignment of the Mortgage Loans.

The Deed of Constitution shall perfect the issue by BANKINTER of the Pass-Through Certificates which shall be the instruments for assigning the Mortgage Loans effective upon the very date on which the Fund is established, and their subscription by the Fund, represented by the Management Company.

The Pass-Through Certificates will be issued in accordance with the provisions of Act 2/1981 and Additional Provision Five of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.

The Pass-Through Certificates may be transferred by a written statement on the very certificate and, in general, by any of the means admitted by Law. Transfer of the Pass-Through Certificate and the new holder's address shall be notified by the transferee to the issuer. They may only be acquired or held by institutional or professional investors, and may not be acquired by the unspecialised public.

BANKINTER, as the issuer, shall keep a special book in which it shall enter the Pass-Through Certificates issued and the changes of address notified by Pass-Through Certificate holders, moreover including therein (i) Mortgage Loan origination and maturity dates, Mortgage Loan amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Given that the Fund is an institutional investor and that the Fund has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.1.6 of Royal Decree 685/1982, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

The assignment by BANKINTER to the Fund of the Mortgage Loans, effected by means of the issue of and subscription for the Pass-Through Certificates, shall not be notified to the Obligors. However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation of the Originator or of substitution of the Originator as Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors of the transfer to the Fund of the outstanding Mortgage Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors.

3.3.2 Pass-Through Certificate issue and subscription terms.

1. The Mortgage Loans will be fully and unconditionally assigned, perfected by means of the issue of the Pass-Through Certificates, for the entire term remaining until maturity of each Mortgage Loan.

2. The Pass-Through Certificates shall be represented by means of registered individual or multiple certificates as established in section 3.3.4 below.
3. BANKINTER shall be liable to the Fund for the existence and lawfulness of the Mortgage Loans, to the same extent determined in articles 348 of the Commercial Code and 1529 of the Civil Code, and for the personality with which the assignment is made, but shall not be liable for Obligors' creditworthiness.

Moreover, BANKINTER shall not bear the risk of default on the Mortgage Loans and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount owing by the Obligors under the Mortgage Loans, and shall not be answerable either for the enforceability of the securities collateral thereto. It will moreover have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed, nor give any guarantees or security, nor indeed agree to replace or repurchase the Pass-Through Certificates, saving as provided for in section 2.2.9 of this Building Block.

4. The Pass-Through Certificates will be issued in respect of 100 percent of the outstanding principal, interest not due and overdue interest and all and any other amounts, assets or rights attaching to each of the relevant Mortgage Loans, excluding the fees established in each of the Mortgage Loans, which shall remain for the benefit of BANKINTER.

Specifically, the Pass-Through Certificates shall confer on the Fund as their holder the following rights in relation to each Mortgage Loan:

- a) To receive all Mortgage Loan capital or principal repayment amounts accrued.
- b) To receive all Mortgage Loan principal ordinary interest amounts accrued.
- c) To receive all Mortgage Loan late-payment interest amounts accrued.
- d) To receive any other amounts, assets or rights received as payment of Mortgage Loan principal, interest or expenses, either in the form of knock-down price or amount determined by a court decision or notarial procedure in enforcing the mortgage securities, on the sale or utilisation of properties or assets awarded or, upon foreclosing, in the administration or interim possession of the properties in foreclosure proceedings.
- e) To receive all possible rights or compensations accruing for BANKINTER, including not only those derived from the insurance contracts attached to the Mortgage Loans which are also assigned to the Fund, but also those derived from any right collateral to the Mortgage Loan, excluding fees established for each Mortgage Loan, which shall remain to the benefit of the BANKINTER.

The above-mentioned rights will all accrue for the Fund from the date of issue of the Pass-Through Certificates. Interest shall moreover include interest accrued and not due since the last interest settlement date on each of the Mortgage Loans, on or before the date of issue of the Pass-Through Certificates, and interest due and not paid on that same date.

5. Until the execution of the Deed of Constitution, BANKINTER shall be the beneficiary of the damage insurance contracts taken out by the Obligors in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount, and each of the Mortgage Loan documents shall, in the event of default on the relevant premium by the Obligor (holder) of the insurance, authorise BANKINTER, the mortgagee, to pay the premium amount for the Obligor. In addition, part of the Mortgage Loans have mortgage credit insurance with Genworth Financial Mortgage Insurance Limited.

BANKINTER shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights BANKINTER has as the beneficiary of those damage insurance contracts taken out by the Obligors or any other insurance policy providing equivalent cover (in particular, the general insurance policy taken out by BANKINTER in the event of the damage insurance policy taken out by the Obligor not existing, falling short or being ineffective) and the mortgage credit insurance referred to in the preceding paragraph. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BANKINTER would have received in this connection.

6. In the event of prepayment of the Mortgage Loans upon a full or partial repayment of the principal, there will be no direct substitution of the affected Pass-Through Certificates.

7. The rights of the Fund resulting from the Pass-Through Certificates shall be linked to the payments made by the Obligors and are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection with the Mortgage Loans.
8. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Mortgage Loan Obligors of their obligations, including enforcement proceedings against the same.
9. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Mortgage Loans, or their due dates, the change in the terms shall affect the Fund.

3.3.3 Pass-Through Certificate issue price.

The issue price of the Pass-Through Certificates shall be at par. The aggregate price payable by the Fund for subscribing for the Pass-Through Certificates shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Mortgage Loan, and (ii) ordinary interest accrued and not due and overdue interest, if any, on each Mortgage Loan on the issue date of the Pass-Through Certificates (the “**accrued interest**”).

The Management Company shall pay the total Pass-Through Certificate subscription payment amount on behalf of the Fund as follows:

- (i) The part consisting of the face value of the capital of all Mortgage Loans, item (i) of paragraph one of this section, shall be paid by the Fund on the Closing Date, for same day value, upon the subscription for the Bond Issue being paid. The Originator shall receive no interest on the deferment of payment until the Closing Date.
- (ii) The part consisting of payment of interest accrued on each Mortgage Loan, item (ii) of paragraph one of this section, shall be paid by the Fund on the earlier of the first interest settlement date of each one or the date on which it is paid by the Obligor, after the issue date of the Pass-Through Certificates, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and consequently the issue of and subscription for the Pass-Through Certificates should terminate in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund's obligation to pay for the Pass-Through Certificates shall terminate, and (ii) the Management Company shall be obliged to restore to BANKINTER any rights whatsoever accrued for the Fund upon the Pass-Through Certificates being subscribed for.

3.3.4 Pass-Through Certificate representation and custody.

The Pass-Through Certificates which shall be issued to be pooled in the Fund upon being established shall be represented by means of a registered multiple certificate which shall contain the minimum data provided for pass-through certificates in article 64 of Royal Decree 685/1982, along with the registered particulars of the properties mortgaged as security for the Mortgage Loans.

Both in the event that any Pass-Through Certificate should be substituted, as prescribed in section 2.2.9 of this Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a Mortgage Loan, as prescribed in section 3.7.2.1.8 of this Building Block, and moreover if there should be an Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, and said Pass-Through Certificates have to be sold, BANKINTER agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be necessary, or to substitute or exchange the same for the above purposes.

The multiple certificate representing the Pass-Through Certificates and the individual or multiple certificates, if any, into which it is split shall be kept by BANKINTER and relations between the Fund and BANKINTER shall be governed by the Servicing Agreement to be entered into by BANKINTER and the Management Company for and on behalf of the Fund. That custody shall be established for the benefit of

the Fund and BANKINTER shall therefore be custodian for the certificates representing the Pass-Through Certificates deposited, as directed by the Management Company.

3.4 Explanation of the flow of funds.

3.4.1 How the cash flow from the assets will meet the issuer's obligations to holders of the securities.

The amounts received by the Fund derived from the securitised assets will be paid by the Servicer into the Fund's Treasury Account on the seventh business day, for same day value, after the date on which they are received by the Servicer. Therefore, the Fund shall be receiving almost daily income into the Treasury Account on the amounts received from the assets.

The weighted average interest rate of the mortgage loans selected as of October 28, 2006, as detailed in section 2.2.2.d) of this Building Block, is 3.49%, which is below the 3.87% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Interest Swap mitigates the interest rate risk occurring in the Fund because the Mortgage Loans are subject to floating interest with different benchmark indices and different review and settlement periods at the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods and the risk deriving from potential Mortgage Loan interest rate renegotiations to a fixed rate.

Quarterly on each Payment Date Bondholders will be paid interest accrued and principal repayment on the Bonds in each Series on the terms set for each of them and in the Priority of Payments given in section 3.4.6.2 of this Building Block.

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

The following credit enhancement transactions are incorporated to the financial structure of the Fund:

- (i) Cash Reserve set up upon the Series E Bonds being paid.
Mitigates the credit risk derived from delinquency and default on the Mortgage Loans.
- (ii) Interest Swap:
Partly mitigates the interest rate risk occurring in the Fund because the Mortgage Loans have floating interest rates with different benchmark indices and review and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods, and the risk deriving from potential Mortgage Loan interest rate renegotiations which may even result in their novation to a fixed rate.
- (iii) Treasury Account.
Partially mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received daily on the Mortgage Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.
- (iv) Amortisation Account:
Partially mitigates the loss of return on the amounts of the Available Funds for Amortisation of Series A1, A2, B, C and D not applied to actually amortising the Bonds from the first Payment Date (April 17, 2007) until the Payment Date falling on April 17, 2008, exclusive.
- (v) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

3.4.2.2 Cash Reserve.

The Management Company shall set up on the Closing Date an Initial Cash Reserve upon the Series E Bonds being paid and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR twenty million six hundred thousand (20,600,000.00) (the “**Initial Cash Reserve**”).
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter with the Available Funds in the Priority of Payments of the Fund.

The required Cash Reserve amount on each Payment Date (the “**Required Cash Reserve**”) shall be the lower of the following amounts:

- (iii) EUR twenty million six hundred thousand (20,600,000.00).
- (iv) The higher of:
 - b) 2.66% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
 - b) EUR ten million three hundred thousand (10,300,000.00).
3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:
 - i) That on the Determination Date preceding the relevant Payment Date the amount of the Outstanding Balance of Delinquent Mortgage Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - ii) That on the Payment Date preceding the relevant Payment Date the Cash Reserve was not provisioned up to the Required Cash Reserve amount on that Payment Date.
 - iii) That the average margin added to the relevant benchmark index for determining the nominal interest rate of the Mortgage Loans, weighted by the outstanding principal of the Mortgage Loans, is equal to or less than 0.376%.
 - iv) That three (3) years have not elapsed since the date of establishment of the Fund.

Yield.

The Cash Reserve amount shall remain credited to the Treasury Account, and will be remunerated on the terms of the Guaranteed Interest Rate Account (Treasury Account) Agreement.

Application.

The Cash Reserve shall be applied on each Payment Date to satisfying Fund payment obligations in the Priority of Payments and in the Liquidation Priority of Payments.

3.4.3 Details of any subordinated finance.

3.4.3.1 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a commercial loan agreement amounting to EUR one million nine hundred and fifty thousand (1,950,000.00) (the “**Start-Up Loan Agreement**”). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds and financing partially subscription for the Pass-Through Certificates at the difference between the total face capital of the subscription and the total face amount of the Series A1, A2, B, C and D Bonds.

The Start-Up Loan will accrue an annual nominal interest, determined quarterly for each interest accrual period (which shall exactly match each Interest Accrual Period of the Bonds), which shall be the result of adding: (i) the Reference Rate determined for each Interest Accrual Period of the Bonds, and (ii) a 2.00% margin. Interest shall be settled and be payable upon expiration of each interest accrual period on each payment or settlement date, falling on the Bond Issue Payment Dates (on January 17, April 17, July 17 and October 17 or on the following Business Day if any of those is not a Business Day), and shall be calculated based on: (i) the exact number of days in each interest accrual period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be April 17, 2007, and interest shall accrue until said day, exclusive, and be paid on the same date. Interest will be payable on the relevant Payment Date provided that the Fund has sufficient liquidity in the Fund Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

Interest accrued and not paid on a Payment Date will not be accumulated to the Start-Up Loan principal interest and will not accrue late-payment interest.

Start-Up Loan principal will be repaid quarterly on each Payment Date as follows:

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses shall be repaid in twenty (20) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, April 17, 2007, and the following until the Payment Date falling on January 17, 2012, inclusive.
- (ii) The portion of Start-Up Loan principal used to finance partially subscription for the Pass-Through Certificates and not used, as the case may be, shall be repaid on the first Payment Date, April 17, 2007.

All Start-Up Loan amounts due and not paid because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Start-Up Loan on that Payment Date, satisfying in the first place overdue interest and secondly principal repayment, in the Priority of Payments or Liquidation Priority of Payments of the Fund, as the case may be.

The Start-Up Loan Agreement shall not be terminated upon the establishment of the Fund being terminated in the event that the Rating Agencies should fail to confirm any of the provisional ratings assigned as final by the start of the Subscription Period or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement. In that event, the Start-Up Loan shall be used to pay the expenses of setting up the Fund and issue and admission of the Bonds and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and the repayment of principal shall be deferred and subordinated to satisfaction of those obligations.

3.4.3.2 Subordination of Series B, C, D and E Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series C Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series D Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2), Series B and Series C Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series E Bond interest payment and principal repayment is deferred with respect to Class A (Series A1 and A2), Series B, Series C and Series D Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Sections 4.6.1 and 4.6.2 of the Securities Note detail the order numbers of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

3.4.4 Investment parameters for the investment of temporary liquidity surpluses and parties responsible for such investment.

3.4.4.1 Treasury Account.

The Management Company, for and on behalf of the Fund, and BANKINTER shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANKINTER will guarantee a variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically determine that all amounts received by the Fund will be paid into a financial account in euros (the “**Treasury Account**”) opened at BANKINTER, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Mortgage Loan principal repaid and interest collected;
- (iii) the Cash Reserve amount;
- (iv) any other amounts relating to the Mortgage Loans and from the sale or utilisation of the properties and assets awarded or under administration or interim possession of the properties in foreclosure proceedings, and all and any rights or indemnities including not only those derived from the damage insurance contracts on the mortgaged properties, but also those derived from any right attached to the Mortgage Loans, excluding the set fees for each of them;
- (v) Start-Up Loan principal drawn down;
- (vi) Interest Swap amounts paid to the Fund;
- (vii) the amounts of the returns obtained on the Treasury Account, Amortisation Account and Surplus Account, if any, balances; and
- (viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BANKINTER shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the Reference Rate determined for each Interest Accrual Period substantially matching each Treasury Account interest accrual period, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each interest accrual period on each of the Fund Determination Dates (the fourth (4th) Business Day preceding each Payment Date), and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first Determination Date, April 11, 2007.

In the event that the rating of BANKINTER’s short-term, unsecured and unsubordinated debt should, at any time during the life of the Bonds, be downgraded below P-1 or A-1 respectively by Moody’s and S&P, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place, after notifying the Rating Agencies, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from this Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1 respectively by Moody’s and S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANKINTER of its

obligation to repay the amounts deposited in the Treasury Account, during such time as BANKINTER's rating remains downgraded below P-1 or A-1.

- b) Transferring the Fund's Treasury Account to an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1 respectively by Moody's and S&P, arranging the highest possible yield for its balances, which may differ from that arranged with BANKINTER under this Agreement.
- c) If options a) and b) above are not possible, obtaining from BANKINTER or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*) and similar liquidity, in an amount sufficient to guarantee the commitments established in this Agreement.
- d) Moreover, if any of the above options should not be possible on the above terms, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions rated at least as high as P-1 and A-1 (for periods of less than thirty (30) days and in an amount not in excess of 20% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, or A-1+ for longer periods or higher amounts) for short-term, unsecured and unsubordinated debt respectively by Moody's and S&P, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BANKINTER under this Agreement.
- e) If the events provided for in paragraphs b) or d) above occur, the Management shall subsequently transfer the balances back to BANKINTER under the Guaranteed Interest Rate Account (Treasury Account) Agreement in the event that the rating of BANKINTER's short-term, unsecured and unsubordinated debt should be upgraded back to P-1 and A-1 respectively by Moody's and S&P.

In addition, notwithstanding the provisions of the preceding paragraphs of this section, if at any time during the term of this Agreement the sum of the Treasury Account and Amortisation Account balance exceeds twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D and BANKINTER's short-term, unsecured and unsubordinated debt is rated A-1 by S&P, the Management Company may, upon a request by S&P, put in place any of the options described hereinafter for such time as BANKINTER remains rated A-1 by S&P, and subject to notice being first given to the Rating Agencies in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1+ respectively by Moody's and S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANKINTER of the amount by which the sum of the Treasury Account and Amortisation Account balance exceeds the amount equivalent to twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
- b) Transferring and crediting the amount of the excess of the sum of the Treasury Account and Amortisation Account balance of the amount equivalent to twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D to a financial account (the "**Surplus Account**") opened by the Management Company in an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1+ respectively by Moody's and S&P, and arranging the highest possible yield for its balances, which shall at least match that arranged with BANKINTER under the Treasury Account and the Amortisation Account, and subject to the same settlement terms as the Treasury Account.

(The Management Company may open in the name of the Fund an only Surplus Account or an account for crediting amounts transferred from the Treasury Account which shall for these purposes be referred to as a Cash Surplus Account and therefore references in this Prospectus to "Surplus Account balance transferred from the Treasury Account" shall be deemed to be replaced with "Cash Surplus Account balance".)

- c) In either of events a) or b), in the event that the rating of the short-term, unsecured and unsubordinated debt of the guarantor institution or institution where the Surplus Account shall have been opened should be downgraded to A-1 by S&P, the Management Company shall within not more than thirty (30)

days from the time of the occurrence of any such circumstance, once again put in place either of options a) or b) described above.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BANKINTER.

3.4.4.2 Amortisation Account.

The Management Company, for and on behalf of the Fund, and BANKINTER shall enter into a Guaranteed Interest Rate Account (Amortisation Account) Agreement whereby BANKINTER will guarantee a variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Amortisation Account) Agreement shall specifically determine that the amounts of the Available Funds for Amortisation of Series A1, A2, B, C and D not applied to amortising the Bonds from the first Payment Date (April 17, 2007) until the Payment Date falling on April 17, 2008, exclusive, will be paid into a financial account in euros (the "**Amortisation Account**") opened at BANKINTER in the name of the Fund by the Management Company.

BANKINTER shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (equivalent to the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Amortisation Account, equal to the sum of (i) the Reference Rate determined for each Interest Accrual Period and (ii) the average margin applicable for determining the Nominal Interest Rate of Series A1, A2, B, C and D of the Bond Issue weighted by the Outstanding Principal Balance of each of those Series during the then-current Interest Accrual Period, all of which shall be translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest settlement date shall be April 17, 2007, the first Payment Date.

In the event that the rating of BANKINTER's short-term, unsecured and unsubordinated debt should, at any time during the life of the Bonds, be downgraded below P-1 or A-1 respectively by Moody's and S&P, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place, after notifying the Rating Agencies, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from this Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1 respectively by Moody's and S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANKINTER of its obligation to repay the amounts deposited in the Amortisation Account, during such time as BANKINTER's rating remains downgraded below P-1 or A-1.
- b) Transferring the Fund's Amortisation Account to an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1 respectively by Moody's and S&P, arranging the highest possible yield for its balances, which may differ from that arranged with BANKINTER under this Agreement.
- c) If options a) and b) above are not possible, obtaining from BANKINTER or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español*) and similar liquidity, in an amount sufficient to guarantee the commitments established in this Agreement.
- d) Moreover, if any of the above options should not be possible on the above terms, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions rated at least as high as P-1 and A-1 (for periods of less than 30 days and in an amount not in excess of 20% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, or A-1+ for longer periods or higher amounts) for short-

term, unsecured and unsubordinated debt respectively by Moody's and S&P, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BANKINTER under this Agreement.

- e) In events b) or d), the Management shall subsequently transfer the balances back to BANKINTER under the Guaranteed Interest Rate Account (Amortisation Account) Agreement in the event that the rating of BANKINTER's short-term, unsecured and unsubordinated debt should be upgraded back to P-1 and A-1 respectively by Moody's and S&P.

In addition, notwithstanding the provisions of the preceding paragraphs of this section, if at any time during the term of this Agreement the sum of the Treasury Account and Amortisation Account balance exceeds twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D and BANKINTER's short-term, unsecured and unsubordinated debt is rated A-1 by S&P, the Management Company may, upon a request by S&P, put in place any of the options described hereinafter for such time as BANKINTER remains rated A-1 by S&P, and subject to notice being first given to the Rating Agencies in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1+ respectively by Moody's and S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANKINTER of the amount by which the sum of the Treasury Account and Amortisation Account balance exceeds the amount equivalent to twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
- b) Transferring and crediting the amount of the excess of the sum of the Treasury Account and Amortisation Account balance of the amount equivalent to twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D to a financial account (the "**Surplus Account**") opened by the Management Company in an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1+ respectively by Moody's and S&P, and arranging the highest possible yield for its balances, which shall at least match that arranged with BANKINTER under the Treasury Account and the Amortisation Account, and subject to the same settlement terms as the Amortisation Account.

(The Management Company may open in the name of the Fund an only Surplus Account or an account for crediting amounts transferred from the Amortisation Account which shall for these purposes be referred to as an Amortisation Surplus Account and therefore references in this Prospectus to "Surplus Account balance transferred from the Amortisation Account" shall be deemed to be replaced with "Amortisation Surplus Account balance".)

- c) In either of events a) or b), in the event that the rating of the short-term, unsecured and unsubordinated debt of the guarantor institution or institution where the Surplus Account shall have been opened should be downgraded to A-1 by S&P, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstance, once again put in place either of options a) or b) described above.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BANKINTER.

The Guaranteed Interest Rate Account (Amortisation Account) Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement.

Moreover, the Amortisation Account shall be closed from the Payment Date falling on April 17, 2008, once it is settled by the Management Company.

3.4.5 Collection by the Fund of payments in respect of the assets.

The Servicer shall manage collection of all amounts payable by the Obligors under the Mortgage Loans, and any other item including under the damage and mortgage credit insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

The Mortgage Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh business day, for same day value, after the day on which they were received by the Servicer. In this connection, Saturdays, Sundays and public holidays in the city of Madrid shall not be considered business days.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should be downgraded below P-1 or A-2 respectively by Moody's and S&P, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the same day on which they were received by the Servicer.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Moody's or S&P.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Mortgage Loans.

3.4.6 Order of priority of payments made by the issuer.

3.4.6.1 Source and application of funds on the Bond Closing Date and until the first Payment Date, exclusive.

The source and application of the amounts available for the Fund on the Bond Issue Closing Date shall be as follows:

1. **Source:** the Fund shall have the following funds:
 - a) Bond subscription payment.
 - b) Drawdown of Start-Up Loan principal.
2. **Application:** in turn, the Fund will apply the funds described above to the following payments:
 - a) Payment of the price for subscribing for the Pass-Through Certificates.
 - b) Payment of the Fund set-up and Bond issue and admission expenses.
 - c) Setting up the Initial Cash Reserve.

3.4.6.2 Source and application of funds from the first Payment Date, inclusive, until the last Payment Date or liquidation of the Fund, exclusive. Priority of Payments.

On each Payment Date, other than the Final Maturity Date or when the Early Liquidation of the Fund occurs, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation of Series A1, A2, B, C and D in accordance with the order of priority of payments given hereinafter for each of them (the "**Priority of Payments**").

3.4.6.2.1 Available Funds: source and application.

1. Source.

The available funds on each Payment Date (the "**Available Funds**") to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account and to the Surplus Account, if any, transferred from the Treasury Account:

- a) Mortgage Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.

- b) Mortgage Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account and the Amortisation Account and to the Surplus Account, if any.
- d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Interest Swap Agreement and settlement payment amounts received by the Fund in the event of termination of that Agreement.
- f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the sale or utilisation of properties or assets awarded to the Fund.

Income under items a), b) and f) above received by the Fund and credited to the Treasury Account from the Determination Date, exclusive, preceding the Payment Date for the latter, shall not be included in the Available Funds on the relevant Payment Date, and that amount shall remain credited to the Treasury Account, to be included in the Available Funds on the following Payment Date.

2. Application.

The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments, irrespective of the time of accrual, other than the application established in the 1st place, which may be made at any time as and when due:

1. Payment of the Fund's properly supported taxes and ordinary⁽¹⁾ and extraordinary⁽²⁾ expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and Mortgage Loan amounts reimbursable to the Servicer, provided they are all properly supported, and the servicing fee in the event that BANKINTER should be substituted as Servicer, shall be made to the Servicer under the Servicing Agreement in this priority.
2. Payment of the net amounts, if any, payable by the Fund under the Interest Swap Agreement and, only in the event of termination of that Agreement following a breach by the Fund or because the latter is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amounts payable by the Fund.
3. Payment of interest due on the Series A1 and A2 Bonds.
4. Payment of interest due on the Series B Bonds unless this payment is deferred to 8th place in the priority of payments.

If the Class A (Series A1 and A2) Bonds have not been or are not to be fully amortised on the relevant Payment Date, this payment shall be deferred to 8th place below if on the relevant Payment Date, upon calculating the application in 7th place below, this application to be taken into account in that connection, there is to be an Amortisation Deficiency in an amount in excess of ninety-eight percent (98.00%) of the sum of the Outstanding Principal Balance of Series B, C and D.

5. Payment of interest due on the Series C Bonds unless this payment is deferred to 9th place in the priority of payments.

If the Class A (Series A1 and A2) and the Series B Bonds have not been or are not to be fully amortised on the relevant Payment Date, this payment shall be deferred to 9th place below if on the relevant Payment Date, upon calculating the application in 7th place below, this application to be taken into account in that connection, there is to be an Amortisation Deficiency in an amount in

excess of eighty-one percent (81.00%) of the sum of the Outstanding Principal Balance of Series C and D.

6. Payment of interest due on the Series D Bonds unless this payment is deferred to 10th place in the priority of payments.

If the Class A (Series A1 and A2) and the Series B and C Bonds have not been or are not to be fully amortised on the relevant Payment Date, this payment shall be deferred to 10th place below if on the relevant Payment Date, upon calculating the application in 7th place below, this application to be taken into account in that connection, there is to be an Amortisation Deficiency in an amount in excess of sixty-nine percent (69.00%) of the Outstanding Principal Balance of Series D.

7. Series A1, A2, B, C and D Bond principal amortisation withholding (“**Series A1, A2, B, C and D Amortisation Withholding**”) in an amount equivalent to the positive difference existing on the Determination Date preceding the relevant Payment Date between (i) the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D minus, until the Payment Date falling on April 17, 2008, inclusive, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied to the Series A1, A2, B, C and D Amortisation Withholding shall be added to the Available Funds for Amortisation of Series A1, A2, B, C and D which shall be applied in accordance with the rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D established in section 4.9.3.6 of the Securities Note.

8. Payment of interest due on the Series B Bonds when deferred from 4th place in the priority of payments as established therein.
9. Payment of interest due on the Series C Bonds when deferred from 5th place in the priority of payments as established therein.
10. Payment of interest due on the Series D Bonds when deferred from 6th place in the priority of payments as established therein.
11. Withholding of an amount sufficient for the Required Cash Reserve to be kept duly provisioned.
12. Payment of interest due on the Series E Bonds.
13. Amortisation of Series E Bonds.

Partial amortisation of Series E shall occur on each of the Payment Dates in an amount equal to the positive difference existing between the Outstanding Principal Balance of Series E on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, in accordance with the provisions of section 3.4.2.2 of this Building Block.

14. Payment of settlement payment amounts, if any, payable by the Fund under the Interest Swap Agreement other than in the events provided for in 2nd place above.
15. Payment of interest due on the Start-Up Loan.
16. Repayment of Start-Up Loan principal in the amortised amount.
17. Payment to the Servicer of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANKINTER as Servicer of the Mortgage Loans, payment of the servicing fee accrued by the other institution, to wit the new servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

18. Payment of the Financial Intermediation Margin.

When accounts for different items exist in a same priority of payments and the remaining Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

- (1) The following shall be considered ordinary expenses of the Fund:
- a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations.
 - b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.
 - c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
 - d) Expenses of auditing the annual accounts.
 - e) Bond amortisation expenses.
 - f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.
- (2) The following shall be considered extraordinary expenses of the Fund:
- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
 - b) Expenses required to foreclose Mortgage Loans and deriving from any recovery actions required.
 - c) Extraordinary expenses of audits and legal advice.
 - d) The remaining amount, if any, of the initial expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.
 - e) In general, any other extraordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation of Series A1, A2, B, C and D.

1. Source.

On each Payment Date, the Available Funds for Amortisation of Series A1, A2, B, C and D shall be the following:

- (i) Series A1, A2, B, C and D Amortisation Withholding amount actually applied in seventh (7th) place of the Available Funds on the relevant Payment Date, and
- (ii) exclusively on the Payment Date falling on April 17, 2008, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account, on the preceding Determination Date.

2. Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D.

The rules for Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D are given in section 4.9.3.6 of the Securities Note.

3.4.6.3 Fund Liquidation Priority of Payments.

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or when there is an Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the available funds to the following items (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and the remaining assets and, as the case may be, (iii) the amount drawn under a credit facility to be arranged and used exclusively for amortisation of the Series A1, A2, B, C and D Bonds then outstanding, in accordance with the provisions of section 4.4.3.3.(iii) of the Registration Document, in the following order of priority of payments (the "**Liquidation Priority of Payments**"):

1. Reserve to meet the tax, administrative or advertising expenses deriving from termination and liquidation of the Fund.

2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer in relation to the Mortgage Loans, provided they are all properly supported, and the servicing fee if BANKINTER shall have been replaced as Servicer shall be made to the Servicer under the Servicing Agreement in this priority.
3. Payment of amounts, if any, due upon termination of the Interest Swap and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amounts payable by the Fund.
4. Payment of interest due on the Series A1 and A2 Bonds.
5. Repayment of Series A1 and A2 Bond principal.
6. Payment of interest due on the Series B Bonds.
7. Repayment of Series B Bond principal.
8. Payment of interest due on the Series C Bonds.
9. Repayment of Series C Bond principal.
10. Payment of interest due on the Series D Bonds.
11. Repayment of Series D Bond principal.
12. In the event of the credit facility being arranged for early amortisation of the Series A1, A2, B, C and D Bonds then outstanding as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of financial costs accrued and repayment of principal of the credit facility arranged.
13. Payment of interest due on the Series E Bonds.
14. Repayment of Series E Bond principal.
15. Payment of the settlement payment amounts payable by the Fund under the Interest Swap Agreement other than in the events provided for in 3rd place above.
16. Payment of Start-Up Loan interest due.
17. Repayment of Start-Up Loan principal
18. Payment to BANKINTER of the fee established under the Servicing Agreement.

In the event that any other institution should replace BANKINTER as Servicer of the Loans, payment of the servicing fee accrued by the other institution, to wit the new Servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

19. Payment of the Financial Intermediation Margin.

Where receivables for different items exist in a same priority order number on the Final Maturity Date or on the Payment Date on which there is an Early Liquidation and the Liquidation Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Liquidation Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

3.4.6.4 Financial Intermediation Margin.

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a Financial Intermediation Agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the subscription by the Fund for the Pass-Through Certificates and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and shall accrue upon the expiration of every quarterly accrual period, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the months of March, June, September and December, which are the last month in each quarterly period. Exceptionally, the first period shall be comprised between the date on which the Fund is established and March 31, 2007, inclusive, this being the last day of the month preceding the first Payment Date, April 17, 2007.

The Financial Intermediation Margin accrued at the close of the months of March, June, September and December shall be settled on the Payment Date next succeeding the last day of each of said months, provided that the Fund has sufficient liquidity in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the Financial Intermediation Margin in full, the Financial Intermediation Margin amount accrued and not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period in the Priority of Payments.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by the start of the Subscription Period or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement.

3.4.7 Other arrangements upon which payments of interest and principal to investors are dependent.

3.4.7.1 Interest Swap.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER, into an interest swap agreement (the "**Interest Swap Agreement**" or the "**Interest Swap**") based on the standard 1992 ISDA Master Agreement (ISDA Master Agreement - Multicurrency - Crossborder) and the year 2000 definitions (ISDA 2000 Definitions), the most relevant characteristics of which are described below.

Under the Interest Swap Agreement, the Fund will make payments to BANKINTER calculated on the Mortgage Loan benchmark index, and in consideration BANKINTER will make payments to the Fund calculated on the Reference Rate determined for the Bonds, the foregoing as described hereinafter.

Party A : The Fund, represented by the Management Company.

Party B : BANKINTER.

1. Settlement dates.

The settlement dates shall fall on the Bond Payment Dates, i.e. on January 17, April 17, July 17 and October 17 in every year, or the following Business Day if any of these dates is not a Business Day. The first Payment Date shall be April 17, 2007.

The variable amounts payable by Party A and by Party B for each respective calculation period shall be netted and be paid by the paying Party to the receiving Party on each Payment Date.

2. Calculation dates.

Calculation dates shall fall on the Determination Dates, i.e. the dates falling on the fourth (4th) Business Day preceding each Payment Date.

2.1 Calculation periods.

Party A:

The calculation periods for Party A shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, the length of the first calculation period for Party A shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and April 11, 2007, the first Determination Date, inclusive.

Party B:

The calculation periods for Party B shall be the exact number of days elapsed between two consecutive Payment Dates, including the first but not including the last date. Exceptionally, the length of the first calculation period for Party B shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and April 17, 2007, exclusive.

3. Notional amount for Party A and for Party B.

This shall be for each calculation period the daily average during the Party A calculation period of the Outstanding Balance of Non-Doubtful Mortgage Loans.

4. Variable amounts payable by Party A.

This shall be on each Payment Date and for each calculation period the amount resulting from applying the Party A Interest Rate to the Notional Amount according to the number of days in the Party A calculation period and based on a three-hundred-and-sixty- (360-) day year.

4.1 Party A Interest Rate.

This shall be for each Party A calculation period the annual interest rate resulting from dividing (i) the total interest amount at the reference index of ordinary interest due on Mortgage Loans, excluding Doubtful Mortgage Loans, on the relevant calculation date, whether or not they were paid by the Obligors, during the Party A calculation period, by (ii) the Notional Amount, multiplied by the result of dividing 360 by the number of days in the Party A calculation period.

In this connection:

- (i) Ordinary interest due will be reduced in the interest accrued payable by the Fund in connection with the subscription for the Pass-Through Certificates.
- (ii) As the case may be, ordinary interest due will also be deemed to comprise the accrued interest received by the Fund both on the sale of Pass-Through Certificates and on their early amortisation by BANKINTER in accordance with the rules laid down for substituting the Pass-Through Certificates.
- (iii) In the case of renegotiated novated fixed-rate Mortgage Loans, the Mortgage Loan reference rate shall be deemed to be the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement page, at 11:00AM CET on the effective date of that novation for the term of the average life of the Mortgage Loan based on its new repayment schedule. The fixed reference rate shall be adjusted by a straight-line interpolation between the EURIBOR BASIS fixed rates on Reuters' ISDAFIX2 screen for the term above and below the average life of the loan.

Calculation of the average life of a novated fixed-rate Mortgage Loan: average of the time periods from the effective date of the novation until each of the Mortgage Loan settlement dates, using for weighting purposes the weights the principal to be repaid on each settlement date has, in accordance with the applicable repayment system, on the outstanding principal amount, in accordance with the following expression:

$$V = \frac{\sum (P \times d)}{T} \times \frac{1}{365}$$

Where:

V = Average life of the novated fixed-rate Mortgage Loan expressed in years.

P = Principal to be repaid on each settlement date in accordance with the applicable repayment system.

d = Number of days elapsed between the effective date of the novation and the relevant settlement date.

T = Outstanding principal on the effective date of the novation.

- (iv) Mortgage Loan ordinary interest due dates shall be deemed to be the collection dates on which interest is to be paid to the Fund under the Servicing Agreement.

5. Variable amounts payable by Party B.

This shall be on each Payment Date and for each calculation period the amount resulting from applying the Party B Interest Rate to the Notional Amount according to the number of days in the Party B calculation period and based on a three-hundred-and-sixty- (360-) day year.

5.1 Party B Interest Rate.

For each Party B calculation period this shall be the Reference Rate determined for the Bonds in the Interest Accrual Period coinciding with the Party B calculation period.

6. Maturity Date.

This shall be the earlier of the dates on which any of the circumstances listed in (i) to (iv) occur for the termination of the Fund in accordance with the provisions of section 4.4.4 of the Registration Document.

If on a Payment Date the Fund (Party A) should not have sufficient liquidity to make payment of the aggregate net amount, if any, payable to Party B, the portion of this amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should such event of non-payment occur on two consecutive Payment Dates, Party B may choose to terminate the Swap Agreement. In the event of termination, the Fund (Party A) shall take over the obligation to pay the settlement amount established on the terms of the Swap Agreement, the foregoing in the Priority of Payments. Without prejudice to the foregoing, other than in an extreme event of permanent financial imbalance of the Fund, the Management Company shall endeavour, for and on behalf of the Fund, to enter into a new swap agreement, unless payment of the settlement amount is for Party B.

If on a Payment Date Party B should not make payment of the aggregate amount payable to Party A, the Management Company may, on behalf of the Fund, choose to terminate the Interest Swap Agreement. In the event of termination, Party B shall take over the obligation to pay the settlement amount established on the terms of the Interest Swap Agreement, unless payment of the settlement amount is for Party A, who shall pay it subject to the Priority of Payments.

7. Actions in the event of change in the rating of Party B.

(i) Moody's Criteria

In the event that:

- (1) (a) the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as A1 by Moody's; or

(b) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as P-1 by Moody's, and

- (2) if relevant, the long-term, unsecured and unsubordinated debt obligations of any Credit Support Provider of Party B cease to be rated as high as A1 by Moody's or its short-term, unsecured and unsubordinated debt obligations cease to be rated as high as P-1 by Moody's,

each of the above being an "**Initial Rating Event**", then Party B will within 30 days and at its own cost, do one of the following:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreement to a replacement third party having Moody's Required Ratings; or
- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party has Moody's Required Ratings.

While any of (A) and (B) above are outstanding, then Party B will at its own cost

- (C) within 30 days after the occurrence of the Initial Rating Event post collateral in the form of cash (to be deposited with a party whose short-term, unsecured and unsubordinated debt obligations are rated P-1) or securities to Party A in an amount calculated, among other factors, based on the Interest Swap Agreement market value, which does not adversely impact the ratings given by Moody's to the Bonds (which shall be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of its obligations under the Interest Swap Agreement.

(ii) Moody's Criteria (continued) ("Subsequent Rating Event")

In the event that:

- (a) the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, if relevant, any Credit Support Provider of Party B, cease to be rated at least as high as A3 by Moody's; or
- (b) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, if relevant, any Credit Support Provider of Party B, cease to be rated at least as high as P-2 by Moody's, or
- (c) all the ratings granted to Party B by Moody's are completely retired

the above being a "**Second Rating Event**", then Party B will, as soon as reasonably practicable, on a best efforts basis, in any case within 10 days of the Subsequent Rating Event and at its own cost, do one of (A) or (B) below:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreement to a replacement third party having Moody's Required Ratings; or
- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party has Moody's Required Ratings.

While any of (A) and (B) above are outstanding, then Party B will at its own cost

- (C) within 10 days after the occurrence of the Subsequent Rating Event post collateral in the form of cash (to be deposited with a party whose short-term, unsecured and unsubordinated debt obligations are rated P-1) or securities to Party A in an amount calculated, among other factors, based on the Interest Swap Agreement market value, which does not adversely impact the ratings given by Moody's to the Bonds (which shall be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of its obligations under the Interest Swap Agreement.

For the purposes of (i) and (ii) above, "**Required Rating**" means in respect of the relevant entity, that its long-term, unsecured and unsubordinated debt obligations are rated at least as high as A1 and its short-term unsecured and unsubordinated debt obligations are rated at least as high as P-1 by Moody's.

(iii) S&P's Criteria

In the event that:

- (1) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as A-1 (or its equivalent) by S&P, and
- (2) if relevant, the short-term, unsecured and unsubordinated debt obligations of any Credit Support Provider of Party B cease to be rated at least as high as A-1 (or its equivalent) by S&P,

each of the above being an "**Initial Rating Event**", then Party B will within 30 days and at its own cost, do one of the following:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreement (i) to a replacement third party having S&P's Required Ratings or (ii) to a third party which S&P has confirmed would not be in an Initial Rating Event providing that such transfer does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party (i) has S&P's Required Ratings or (ii) S&P has confirmed that the same is not in an Initial Rating Event providing that such does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (C) put in place any other action which S&P shall confirm to Party B may remedy S&P's Initial Rating Event.

While any of (A), (B) and (C) above are outstanding, then Party B will at its own cost

- (D) within 30 days after the occurrence of the Initial Rating Event post collateral in the form of cash or securities to Party A in an amount calculated, among other factors, based on the Interest Swap market value, in accordance with the criteria currently in force then published by S&P.

(iv) S&P's Criteria (continued) ("Subsequent Rating Event")

In the event that:

- (a) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, as the case may be, any Credit Support Provider of Party B, cease to be rated at least as high as A-2 (or its equivalent) by S&P,
- (b) the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, as the case may be, any Credit Support Provider of Party B, cease to be rated at least as high as BBB- (or its equivalent) by S&P, or
- (c) all the ratings assigned to Party B by S&P are completely withdrawn,

the above being a "**Second Rating Event**", then Party B will, as soon as reasonably practicable, on a best efforts basis, in any case within 10 days of the Subsequent Rating Event and at its own cost, do one of (A), (B) or (C) below:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreement (i) to a replacement third party having S&P's Required Ratings or (ii) to a third party which S&P has confirmed would not be in a Subsequent Rating Event providing that such transfer does not result in any requirement for deduction or withholding for or on account of any Tax; or

- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party (i) has S&P's Required Ratings or (ii) S&P has confirmed that the same is not in a Subsequent Rating Event providing that such does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (C) put in place any other action which S&P shall confirm to Party B may remedy the Subsequent Rating Event.

While any of (A), (B) and (C) above are outstanding, then Party B will at its own cost

- (D) within 10 days after the occurrence of the Subsequent Rating Event post collateral in the form of cash or securities to Party A in an amount calculated, among other factors, based on the Interest Swap market value, in accordance with the criteria currently in force then published by S&P.

For the purposes of (iii) and (iv) above, "**Required Rating**" means in respect of the relevant entity that its short-term unsecured and unsubordinated debt obligations are rated at least as high as A-1 by S&P or such other ratings as may be agreed with S&P from time to time.

- (v) If upon the occurrence of an Initial Rating Event Party B does not take any of the measures described in either (i), (ii), (iii) and (iv) (except for (ii)(C) and (iv)(D)) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party B and shall be deemed to have occurred on the thirtieth day following the occurrence of such Initial Rating Event with Party B as the sole Affected Party and the Interest Swap Agreement shall be an Affected Transaction.

If Party B does not take the measures described in (ii)(C) and (iv)(D) above, such failure shall constitute an Event of Default with respect to Party B which shall be taken to have occurred on the tenth day following the occurrence of the Subsequent Rating Event, and Party B shall be the defaulting party.

("Additional Termination Event" is a concept defined in the ISDA Master Agreement which shall result in the relevant Interest Swap Agreement being terminated if the Management Company, for and on behalf of the Fund (Party A), should decide this.)

("Event of Default" (Event of Default) is a concept defined in the ISDA Master Agreement whereby the Parties are able, as the case may be, to terminate the Interest Swap Agreement early.)

In both Termination events, Party B shall accept the obligation to pay the settlement amount provided for in the relevant Interest Swap Agreement. Should the settlement amount under the relevant Interest Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments.

The occurrence, as the case may be, of an early termination of the Interest Swap Agreement will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.4.3 and 4.4.4 of the Registration Document of this Prospectus, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

All matters, discrepancies, lawsuits and claims deriving from the Interest Swap Agreement shall be referred for arbitration to the Chamber of Commerce of Madrid.

The Interest Swap Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final by the start of the Subscription Period or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement.

3.5 Name, address and significant business activities of the originator of the securitised assets.

The Originator and assignor of the Mortgage Loans securitised is BANKINTER S.A.

Registered office: Paseo de la Castellana number 29, Madrid (Spain).

Significant economic activities of BANKINTER.

BANKINTER, a financial Group, is mainly in the Banking business though it has interests in the field of insurance, unit trust and pension fund management, stock broking, global custody, asset management and broking in major treasury, capital and currency markets.

The following is selected consolidated, non-audited financial information for the third quarter of the year 2006 and how it compares to the same quarter of the previous year, which was prepared in accordance with applicable International Financial Reporting Standards under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004.

	30.09.2006	30.09.2005	Δ%
BALANCE SHEET (EUR thousand)			
Total Assets	44,908,406	38,867,301	15.54
Customer credit	42,238,856	35,787,949	18.03
Customer credit exsecuritisation	30,287,135	24,296,475	24.66
Customer resources	33,190,769	27,732,169	19.68
Off-balance sheet funds managed	31,485,506	23,406,051	34.52
PROFIT AND LOSS ACCOUNT (EUR thousand)			
Intermediation margin	343,931	322,065	6.79
Ordinary margin	602,323	513,935	17.82
Operating margin	309,498	259,494	19.27
Pre-tax profit	250,487	201,877	24.08
Net Profit attributed to the Group	177,046	141,459	25.16
RATIOS (%)			
Delinquency rate exsecuritisation	0.24%	0.25%	-2.52
Delinquency coverage rate	573.77%	544.11%	5.45
Efficiency ratio	47.86%	48.46%	-1.24
ROE	17.08%	15.07%	13.31
ROA	0.56%	0.53%	6.04
Capital ratio	10.17%	10.68%	-4.78
Tier 1	6.94%	7.51%	-7.59
BANKINTER SHARES			
Number of shares	78,585,044	77,916,786	0.86
Latest price	56.00	43.20	29.63
BPA	2.28	1.84	23.91
DPA	0.94	0.86	9.30
BRANCHES & CENTRES			
Branches	330	314	5.10
Commercial management centres			
Corporate	48	41	17.07
SMEs	117	94	24.47
Private Banking	41	36	13.89
Virtual branches	522	491	6.31
Number of Agents	1,026	1,045	-1.82
Telephone and Internet branches	3	3	0.00
STAFF			
Employees (full-time)	3,875	3,612	7.28

3.6 Return on and/or repayment of the securities linked to others which are not assets of the issuer.

Not applicable.

3.7 Administrator, calculation agent or equivalent.

3.7.1 Management, administration and representation of the Fund and of the holders of the securities.

The Management Company, EUROPEA DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund, on the terms set in Royal Decree 926/1998, in Act 19/1992, and other applicable laws from time to time, and on the terms of the Deed of Constitution and this Prospectus.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998 and in Act 19/1992.

It is also the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time. Bondholders and all other ordinary creditors of the Fund shall have no recourse against the Fund Management Company, other than for a breach of its duties or failure to observe the provisions of the Deed of Constitution and the Prospectus.

3.7.1.2 Administration and representation of the Fund.

The Management Company's obligations and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in this Prospectus:

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of the Deed of Constitution and this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement in the event of Early Liquidation of the Fund, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.

- (viii) Exercising the rights attaching to the ownership of the Pass-Through Certificates acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and legally representing the Fund.
- (ix) Checking that the Mortgage Loan income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of issue of the Pass-Through Certificates and on the terms of the relevant Mortgage Loans, and that the Mortgage Loan amounts receivable are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- (xii) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xiii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account, the Amortisation Account and the Surplus Account, if any, return the yield set in the respective agreements.
- (xv) Calculating the Available Funds, the Available Funds for Amortisation of Series A1, A2, B, C and D, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xvi) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

3.7.1.3 Resignation and substitution of the Management Company.

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 18 and 19 of Royal Decree 926/1998 set forth hereinafter and with subsequent rules statutorily established in that connection.

Resignation.

- (i) The Management Company may resign its management and legal representation function with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
 - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.
 - (b) The rating accorded to the securities should not fall as a result of the proposed substitution.

- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue, in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document of this Prospectus and the Deed of Constitution.

The Management Company agrees to execute such public and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand in connection with the Fund.

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each of the Bond Series being adversely reviewed, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken in this Prospectus which may legally be attributed or ascribed to it.

3.7.1.5 Management Company's remuneration.

In consideration of the functions to be discharged by the Management Company, the Fund will pay it a management fee consisting of:

- (i) An initial fee amounting to EUR seventy thousand (70,000.00) which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) Periodic fee: equal to 0.0180% per annum, accruing on the exact number of days elapsed in each Interest Accrual Period, from the date of establishment of the Fund until it terminates, and payable quarterly in arrears on each Payment Date, calculated on the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D on the Determination Date preceding the relevant Payment Date. The periodic fee for the first Payment Date shall accrue from the date of establishment of the Fund and shall be calculated on the face amount of the Bond Issue.

The fee payable on a given Payment Date shall be calculated in accordance with the following formula:

$$C = B \times \frac{0.0180}{100} \times \frac{d}{360}$$

where :

C = Fee payable on a given Payment Date.

B = Sum of the Outstanding Principal Balance of Series A1, A2, B, C and D on the Determination Date preceding the relevant Payment Date.

d = Number of days elapsed during the relevant Interest Accrual Period.

In any event, the annual amount of this periodic fee on each Payment Date may not be respectively greater or lower than the following maximum and minimum amounts.

- a) Maximum amount of EUR thirty-seven thousand five hundred (37,500.00).

Exceptionally, the maximum periodic fee for the first Payment Date shall accrue from the date on which the Fund is set up and shall be calculated on the exact number of days elapsed based on the following formula:

$$I_{cmax} = 37,500 \times \frac{d}{90}$$

where :

I_{cmax} = Maximum periodic fee amount payable on the first Payment Date.

d = Number of days elapsed between the date of establishment of the Fund and the first Payment Date.

- b) Minimum amount of EUR seven thousand five hundred (7,500.00). In the event that, during the term of the Fund, the National General Retail Price Index published by the Spanish National Institute of Statistics for each calendar year should experience a positive variation, the minimum amount shall be cumulatively reviewed in the same proportion, from the year 2008, inclusive, and effective as of January 1 of each year.

If on a Payment Date the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest equal to the Bond Reference Rate, payable on the following Payment Date, in the Priority of Payments.

3.7.2 Servicing and custody of the securitised assets.

BANKINTER, Originator of the Mortgage Loans by means of the issue of the Pass-Through Certificates to be subscribed for by the Fund, as established in article 61.3 of Royal Decree 685/1982, shall agree to be Mortgage Loan custodian and servicer, and relations between BANKINTER and the Fund, represented by the Management Company, shall be governed by the Mortgage Loan servicing and Pass-Through Certificate custody agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Mortgage Loans and custody of the documents representing the Pass-Through Certificates.

BANKINTER (the "**Servicer**" in the Servicing Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

- (i) To be Mortgage Loan custodian and servicer subject to the system terms and ordinary servicing and custody procedures established in the Servicing Agreement.
- (ii) To continue servicing the Mortgage Loans, devoting the same time and efforts to them as it would devote and use to service its own mortgage loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply to service and custody the Mortgage Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company's instructions.

In any event, the Servicer waives the privileges and authorities conferred on it by law as the manager of collections for the Fund and as servicer of the Mortgage Loans, and custodian of the relevant Pass-Through Certificates and agreements, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

The most relevant terms of the Servicing Agreement are given hereinafter in the following paragraphs of this section.

3.7.2.1 Ordinary system and procedures for servicing and managing the Mortgage Loans.

1. Custody of deeds, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Mortgage Loans and the damage insurance policies of the mortgage properties or the Mortgage Loan security under safe custody and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to claim a Mortgage Loan, or any other competent authority should so require first informing the Management Company.

The Servicer shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, documents and records. Furthermore, whenever it is required to do so by the Management Company, it shall provide within two (2) Business Days of that request and clear of expenses, a copy or photocopy of any of such deeds and documents.

2. Collection management.

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Mortgage Loans and any other item including under the damage and mortgage credit insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

The Mortgage Loan amounts received by the Servicer shall be paid in full into the Fund's Treasury Account on the seventh business day, for same day value, after the day on which they are received by the Servicer, in accordance with the set terms and conditions. In this connection, Saturdays, Sundays and public holidays in the city of Madrid shall not be considered business days.

Nevertheless, in the event that the rating of the Servicer's short-term, unsecured and unsubordinated debt should be downgraded below P-1 or A-2 respectively by Moody's and S&P, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the same day on which they are received by the Servicer.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt should not be rated by Moody's or S&P.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Mortgage Loans.

3. Fixing the interest rate.

Because the Mortgage Loans have a floating rate, notwithstanding a possible renegotiation to a fixed rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the relevant agreements underlying the Mortgage Loans, submitting such communications and notices as may be established therein.

4. Extended mortgage.

If the Servicer should actually become aware at any time that for any reason the value of a mortgaged property securing a Mortgage Loan shall have fallen in excess of the percentages permitted by law, it shall, in accordance with the provisions of article 29 of Royal Decree 685/1982, request the Obligor at issue to:

- i) extend the mortgage to other assets sufficient to cover the required ratio of the value of the asset to the Mortgage Loan secured thereby, or
- ii) repay all or such portion of the Mortgage Loan as may be in excess of the amount resulting from applying to the current appraisal the percentage used to initially determine its amount.

If within two (2) months of being requested to extend the Obligor should fail to do so or repay the portion of the Mortgage Loan referred to in the preceding paragraph, the Obligor shall be deemed to have chosen to repay the Mortgage Loan fully, which the Servicer shall forthwith require the Obligor to do.

5. Information.

The Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each Mortgage Loan, to fulfilment by the Obligors of their obligations under the Mortgage Loans, to Mortgage Loan delinquency status and ensuing changes in the characteristics of the Mortgage Loans, and to actions to demand payment in the event of late payment, court actions and auction of properties, the foregoing using the procedures and timing established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information relating to the Mortgage Loans or the rights attaching thereto as the Management Company may reasonably request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

6. Mortgage Loan subrogation.

The Servicer shall be authorised to permit substitutions in the position of the Obligor under the Mortgage Loan documents, exclusively where the characteristics of the new obligor are similar to those of the former Obligor and those characteristics observe the mortgage lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this authority of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

The Obligor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Mortgage Loan Subrogation and Amendment Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall result in prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

7. Authorities and actions in relation to Mortgage Loan renegotiation procedures.

The Servicer may not voluntarily cancel the Mortgage Loans or their securities for any reason other than payment of the Mortgage Loan, relinquish or settle in regard thereto, forgive the Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the ranking of the mortgage, legal effectiveness or economic value of the Mortgage Loans or of the mortgages, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own mortgage loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, may instruct or previously authorise the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Mortgage Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided that those novations are not detrimental to the ranking of the mortgage.

Without prejudice to the provisions hereinafter, any interest rate renegotiation subscribed by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a renegotiation. The Management Company may nevertheless

initially authorise the Servicer to entertain and accept Mortgage Loan interest rate and extended term renegotiations, requested by the Obligors, without requiring the prior consent of the Management Company, subject to the following general enabling requirements:

a) Renegotiating the interest rate.

Mortgage Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Mortgage Loan. In any event, any Mortgage Loan interest rate renegotiation shall be taken up bearing in mind the Fund's interests and the Servicer shall, without encouraging the interest rate renegotiation, act in relation to such renegotiation bearing in mind the Fund's interests at all times.

Subject to the provisions of paragraphs 2 and 3 below, the Servicer may renegotiate the interest rate clause of the Mortgage Loans on terms that are deemed to be at arm's length and that do not differ from those applied by the actual Servicer in renegotiating or granting its floating- and fixed-rate mortgage credits and loans. For these purposes, the arm's length interest rate shall be deemed to be the rate offered by the Servicer in the Spanish market for mortgage loans or credits granted to individuals with real estate mortgage security in finished homes in Spanish territory in an amount and on terms substantially similar to the renegotiated Mortgage Loan.

2. The margin applicable to a Mortgage Loan (including the margin if any resulting from a fixed-rate renegotiation as provided for in section 3 below) shall under no circumstances be decreased in being renegotiated where the average margin weighted by the outstanding Mortgage Loan principal is less than 0.35%. For the purposes prescribed in this section, the provisions of section 3 below shall govern in the case of renegotiated fixed-rate Mortgage Loans in regard to homogenisation in regard to margin over a benchmark index.

Without prejudice to the provisions of the preceding paragraph, if on the effective date of the renegotiation of the interest rate applicable to a Mortgage Loan, the average margin weighted by the principal not yet due of the Mortgage Loans is equal to or less than 0.40 (including the margin if any resulting from a fixed-rate renegotiation as provided for in section 3 below in connection with the fixed-rate renegotiation of Mortgage Loans), the Management Company may accept the renegotiation provided that the Servicer agrees to pay the Fund, for the Mortgage Loan, on each collection date after the effective date of the renegotiation, while the average margin weighted by the outstanding principal of the Mortgage Loans is equal to or less than 0.40%, the amount on each Mortgage Loan interest settlement date of the difference in the interest accrued by the Mortgage Loan during each interest settlement period, calculated, as the case may be, on the margin over the benchmark index or fixed interest rate before being modified and the interest actually accrued calculated at the new applicable interest rate set.

3. For the purposes of paragraph 2 above the novated fixed-rate Mortgage Loan margin shall be deemed to be the difference between the fixed rate applicable to the Mortgage Loan and the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement screen, at 11:00AM CET on the effective date of the new fixed rate for the term of the average life of the Mortgage Loan based on its new repayment schedule. In the absence of a EURIBOR BASIS, the latter shall be calculated by a straight-line interpolation between the EURIBOR BASIS fixed rates for the lower and higher terms closest to the average life of the Mortgage Loan.

Calculation of the average life of a novated fixed-rate Mortgage Loan: average of the time periods from the effective date of the novation until each Mortgage Loan settlement date, using for weighting purposes the weights the principal to be repaid on each settlement date has, in accordance with the applicable repayment system, on the outstanding principal amount, in accordance with the following expression:

$$V = \frac{\sum(P \times d)}{T} \times \frac{1}{365}$$

Where:

V = Average life of the novated fixed-rate Mortgage Loan expressed in years.

P = Principal to be repaid on each settlement date under the applicable repayment system.

d = Number of days elapsed between the effective date of the novation and the relevant settlement date.

T = Outstanding principal on the effective date of the novation.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Mortgage Loans may be extended or deferred (“**extending the term**”) subject to the following rules and limitations:

- (i) The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Mortgage Loan which may result in an extension thereof. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind at all times the Fund’s interests.
- (ii) The aggregate of the capital or principal assigned to the Fund of the Mortgage Loans with respect to which the maturity date is extended may not exceed 10.00% of the Mortgage Loan capital or principal assigned to the Fund.
- (iii) The term of a specific Mortgage Loan may be extended provided that the following requirements are met:
 - a) That the same recurrence in settlement of interest and repayment of Mortgage Loan capital or principal and the same repayment system are maintained.
 - b) That the new final maturity or final amortisation date does not extend beyond June 21, 2046.
- (iv) The Management Company may, on the Fund’s behalf, at any time during the term of the Servicing Agreement, cancel or suspend or amend the Servicer’s power to extend the term.

If there should be any renegotiation of the interest rate of a Mortgage Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Mortgage Loans to be updated.

In the event of a renegotiation of the interest rate of the Mortgage Loans or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund.

The contractual documents supporting the novation of the renegotiated Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

8. Action against Obligors in the event of default on the Mortgage Loans and powers of the holder of the Pass-Through Certificates.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue amounts on the Mortgage Loans as it uses with the rest of its portfolio mortgage credits and loans.

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio mortgage loans and in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those actions to be taken, without prejudice to its right to be reimbursed by the Fund. Needless to say, these actions include all such legal and other actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors.

Legal actions.

The Servicer, using its fiduciary title to the Mortgage Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligor failing to meet their payment obligations derived from the Mortgage Loans. Such an action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company confers in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BANKINTER in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the latter, or in its own name but for the Management Company as the authorised representative of the Fund, demand by any judicial or other means the Obligor of any of the Mortgage Loans to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer.

The Servicer shall as a general rule apply for foreclosure, advancing all necessary expenses to do so, if, for a period of six (6) months, a Mortgage Loan Obligor having failed to honour his payment obligations should not resume payments and the Servicer, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. The Servicer shall in any event forthwith proceed to apply for such foreclosure if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

In the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage certificates in article 66 of Royal Decree 685/1982, which also apply to the Pass-Through Certificates in accordance with the provisions of article 18 of Act 44/2002:

- (i) To demand the Servicer to apply for foreclosure.
- (ii) To take part on an equal standing with the Originator, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.
- (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.
- (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the position of the former and continue the foreclosure proceedings.

In the events provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

If this should be required by law, and for the purposes of the provisions of the Civil Procedure Act, BANKINTER shall confer in the Deed of Constitution an irrevocable and as extensive and sufficient a power of attorney as may be required by Law in order for the Management Company, acting for and on behalf of BANKINTER, to demand through a Notary Public payment of the debt by the Obligor under any of the Mortgage Loans.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part with equal rights with BANKINTER in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan. The Management Company shall proceed,

directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue amounts on the Mortgage Loans. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Mortgage Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

9. Insurance for mortgaged properties or as security for the Mortgage Loans.

The Servicer shall not take or fail to take any action resulting in cancellation of any property damage insurance policy covering the mortgaged properties or as security for the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans in order to keep those policies in full force and effect in relation to each Mortgage Loan and the respective mortgaged property.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed, advancing payment of the premiums, without prejudice to its right to be reimbursed by the Obligor for amounts so paid or ultimately by the Fund.

In the event of a claim, each Servicer shall coordinate actions for collecting compensations derived from the damage insurance policies covering the mortgaged properties or as security for the Mortgage Loans on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received to the Fund.

10. Set-off.

In the exceptional event that any of the Obligors under the Mortgage Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any of the Mortgage Loans should be fully or partially set-off against that credit right, the Servicer shall remedy that circumstance or, if it cannot be remedied, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Mortgage Loan.

11. Subcontracting.

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being adversely reviewed. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

3.7.2.2 Term and substitution.

The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as Originator of the Mortgage Loans terminate, once all the Mortgage Loans have been repaid, or when the liquidation of the Fund concludes after it terminates, without prejudice to the possible early revocation of its appointment under the Servicing Agreement.

In the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost or its financial circumstances should change to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is

legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality that is not detrimental to the rating given to the Bonds by the Rating Agencies and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. Any additional expense or cost derived from those previous actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors and insurers, if any, providing damage insurance for the mortgaged properties or as security for the Mortgage Loans) of the transfer to the Fund of the outstanding Mortgage Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors directly or, as the case may be, through a new Servicer it shall have designated observing, as the case may be, bankruptcy rules.

Upon the early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period, or in the event of termination of the Bond Issue Management, Underwriting and Placement Agreement.

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the obligations of the Management Company as manager of the Fund and manager of Bondholders' interests, nor in relation to the obligations of the Obligors derived from the Mortgage Loans, without prejudice to the liabilities undertaken thereby in the Deed of Constitution as Originator of the Mortgage Loans acquired by the Fund by subscribing for the Pass-Through Certificates.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to custody, service and report on the Mortgage Loans and custody the Pass-Through Certificates, established under the Servicing Agreement or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, have an executive action against the Servicer to enforce the principal and interest due on the Pass-Through Certificates where the breach of the obligation to pay those items does not result from default by the Obligors.

Upon the Mortgage Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of the custody, servicing and management of the Mortgage Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of the Mortgage Loans serviced during that Determination Period. If BANKINTER should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of that agreed with BANKINTER under the Servicing Agreement. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

If the Fund should, through its Management Company, due to a shortage of liquidity in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, the overdue amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until fully paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Mortgage Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of properties and assets awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.

BANKINTER is the Fund's counterparty in the transactions listed below. The details relating to BANKINTER and its activities are given in section 3.5 of this Building Block.

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Amortisation Account:
Guaranteed Interest Rate Account (Amortisation Account) Agreement
Description in section 3.4.4.2 of this Building Block.
- (iii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.1 of this Building Block.
- (iv) Interest Swap:
Interest Swap Agreement
Description in section 3.4.7.1 of this Building Block.

4. POST-ISSUANCE REPORTING

4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

4.1.1 Ordinary information.

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
 - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
 - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Priority of Payments.
 - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.
 - iv) Obligors' Mortgage Loan principal prepayment rate during the calendar quarter preceding the Payment Date.
 - v) The average residual life of the Bonds in each Series estimated assuming that Mortgage Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF and Iberclear, within not more than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the Mortgage Loans:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Interest rate and, if the interest floats, benchmark indices of the Mortgage Loans.
4. Dates of maturity of the Mortgage Loans.
5. Outstanding Balance of Doubtful Mortgage Loans and cumulative amount of Doubtful Mortgage Loans from the date of establishment of the Fund.

In relation to the economic and financial position of the Fund:

- Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation of Series A1, A2, B, C and D in accordance with the Priority of Payments of the Fund.

This information shall be submitted to the CNMV.

c) Annually, in relation to the Fund's Annual Accounts:

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

4.1.2 Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.

2. Other:

Any relevant event occurring in relation to the Mortgage Loans or Pass-Through Certificates, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.4 of the Registration Document.

4.1.3 Procedure to notify Bondholders.

Notices to Bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.

Ordinary notices shall be given by a publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, the final margins applicable for determining the Nominal Interest Rate for each Series shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents and the Placement Agent in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

The Management Company may provide Bondholders with notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

4.1.4 Information to the CNMV.

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

4.1.5 Information to the Rating Agencies.

The Management Company shall provide the Rating Agencies with periodic information as to the position of the Fund and the performance of the Mortgage Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

Mario Masiá Vicente, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN and as General Manager signs this Prospectus at Madrid, on November 15, 2006.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comisión Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

GLOSSARY OF DEFINITIONS

“**Act 19/1992**” shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7.

“**Act 2/1981**” shall mean Mortgage Market Regulation Act 2/1981, March 25.

“**Act 2/1994**” shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

“**Act 3/1994**” shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system.

“**AIAF**” shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

“**Amortisation Account**” shall mean the financial account opened in the name of the Fund at BANKINTER under the Guaranteed Interest Rate Account (Amortisation Account) Agreement into which the Management Company shall, for and on behalf of the Fund, pay the amounts of the Available Funds for Amortisation of Series A1, A2, B, C and D not applied to Bond amortisation from the first Payment Date (April 17, 2007) until the Payment Date falling on April 17, 2008, exclusive.

“**Amortisation Deficiency**” shall mean, on a Payment Date, the positive difference, if any, between (i) the Series A1, A2, B, C and D Amortisation Withholding amount, and (ii) the amount of the Available Funds actually applied to Series A1, A2, B, C and D Amortisation Withholding.

“**Available Funds for Amortisation of Series A1, A2, B, C and D**” shall mean the amount to be allocated to Series A1, A2, B, C and D Bond amortisation on each Payment Date and shall be the Series A1, A2, B, C and D Amortisation Withholding amount actually applied in seventh (7th) place of the Available Funds on the relevant Payment Date and exclusively on the Payment Date falling on April 17, 2008, inclusive, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account.

“**Available Funds**” shall mean on each Payment Date, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, which shall have been paid into the Treasury Account, as established in section 3.4.6.2.2 of the Building Block.

“**BANKINTER**” shall mean BANKINTER S.A.

“**Bond Issue Management, Underwriting and Placement Agreement**” shall mean the Bond Issue management, underwriting and placement agreement entered into between the Management Company, for and on behalf of the Fund, and BANKINTER, as Lead Manager and Placement Agent, CALYON, MERRILL LYNCH and SCH, as Lead Managers and Underwriters and Placement Agents, and DEXIA CAPITAL MARKETS and FORTIS BANK as Underwriters and Placement Agents.

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR one billion five hundred and seventy million (1,570,000,000.00), consisting of fifteen thousand seven hundred (15,700) Bonds comprised of six Series (Series A1, Series A2, Series B, Series C, Series D and Series E).

“**Bond Paying Agent Agreement**” shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BANKINTER, as Paying Agent.

“**Bonds**” shall mean the Class A Bonds (consisting of Series A1 and A2), the Series B Bonds, the Series C Bonds, the Series D Bonds and the Series E Bonds issued by the Fund.

“**Business Day**” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“**CALYON**” shall mean CALYON Sucursal en España.

“**Cash Reserve**” shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned on each Payment Date up to the Required Cash Reserve amount.

“**CET**” shall mean “Central European Time”.

“**Class A Bonds**” shall mean the Series A1 and A2 Bonds issued by the Fund having a total face amount of EUR one billion four hundred and eighty-two million four hundred thousand (1,482,400,000.00).

“**Class A**” shall mean the Class A Bonds issued by the Fund.

“**Closing Date**” shall mean November 27, 2006, the date on which the cash amount of the subscription for the Bonds shall be paid up and the face value of the Pass-Through Certificates subscribed for by the Fund shall be paid.

“**CNMV**” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**Conditions for Pro Rata Amortisation**” shall mean the conditions set down in section 4.9.3.6.4 of the Securities Note for amortisation of Series A1 and/or A2 and/or B and/or C and/or D.

“**CPR**” shall mean the effective constant annual early amortisation or prepayment rate at which average lives and durations of the Bonds are estimated in this Prospectus.

“**Deed of Constitution**” shall mean the public deed recording the establishment of the Fund, issue by BANKINTER and subscription by the Fund of Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

“**Delinquent Mortgage Loans**” shall mean Mortgage Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans.

“**Determination Dates**” shall mean the dates falling on the fourth (4th) Business Day preceding each Payment Date.

“**Determination Period**” shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally:

- (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, April 11, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), both inclusive.

“**DEXIA CAPITAL MARKETS**” shall mean DEXIA BANQUE S.A.

“**Distribution of Available Funds for Amortisation of Series A1, A2, B, C and D**” shall mean the rules for applying the Available Funds for Amortisation of Series A1, A2, B, C and D on each Payment Date established in section 4.9.3.6 of the Securities Note.

“**Doubtful Mortgage Loans**” shall mean Mortgage Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment.

“**Early Amortisation**” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund in accordance with and subject to the requirements established in section 4.4.3 of the Registration Document.

“Early Liquidation Events” shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to an Early Liquidation of the Fund on a Payment Date.

“Early Liquidation of the Fund” shall mean the liquidation of the Fund and thereby an early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.3 of the Registration Document.

“Euribor” shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET time), accurate to three decimal places.

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. July 17, 2049 or the following Business Day if that is not a Business Day.

“Financial Intermediation Agreement” shall mean the financial intermediation agreement entered into between the Management Company, for and on behalf of the Fund, and BANKINTER.

“Financial Intermediation Margin” shall mean, with respect to the Financial Intermediation Agreement, the Originator’s right to receive from the Fund a variable subordinated remuneration which shall be determined and shall accrue upon the expiration of every quarterly period, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the months of March, June, September and December, which are the last month in each quarterly period.

“FORTIS BANK” shall mean FORTIS BANK NV-SA.

“Fund” shall mean BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS.

“Guaranteed Interest Rate Account (Amortisation Account) Agreement” shall mean the guaranteed interest rate account (Amortisation Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BANKINTER.

“Guaranteed Interest Rate Account (Treasury Account) Agreement” shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BANKINTER.

“Iberclear” shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.

“Initial Cash Reserve” shall mean the Cash Reserve set up on the Closing Date upon the Series E Bonds being paid at a sum of EUR twenty million six hundred thousand (20,600,000.00).

“Interest Accrual Period” shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

“Interest Rate Fixing Date” shall mean the second Business Day preceding each Payment Date.

“Interest Swap Agreement” shall mean the floating interest swap agreement based on the standard 1992 ISDA Master Agreement (ISDA Master Agreement - Multicurrency - Crossborder) and the year 2000 definitions (ISDA 2000 Definitions) entered into between the Management Company, for and on behalf of the Fund, and BANKINTER.

“IRR” shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

“Lead Managers” shall mean BANKINTER, CALYON, MERRILL LYNCH and SCH.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or when there is an early liquidation of the Fund, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, as follows: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and of the assets remaining and, as the case may be, (iii) the amount drawn under the credit facility arranged and exclusively used for amortisation of the Series A1, A2, B, C and D Bonds, in accordance with the provisions of section 4.4.3.(iii) of the Registration Document.

“Liquidation Priority of Payments” shall mean the priority of the Fund’s payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or when there is an Early Liquidation of the Fund.

“Management Company” shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

“MERRILL LYNCH” shall mean MERRILL LYNCH INTERNATIONAL.

“Moody’s” shall mean both Moody’s Investors Service España, S.A. and Moody’s Investors Service Ltd., the holding company to which Moody’s Investors Service España, S.A. is affiliated.

“Mortgage Loans” shall mean the loans granted by BANKINTER to individuals with real estate mortgage security on finished homes located in Spain, assigned by BANKINTER to the Fund by means of the issue by BANKINTER of and subscription by the Fund for Pass-Through Certificates.

“Nominal Interest Rate” shall mean the annual nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

“Non-Delinquent Mortgage Loans” shall mean Mortgage Loans that are not deemed to be Delinquent Mortgage Loans on a given date.

“Non-Doubtful Mortgage Loans” shall mean Mortgage Loans that are not deemed to be Doubtful Mortgage Loans on a given date.

“Obligors” shall mean the borrowers (individuals) of the Mortgage Loans.

“Originator” shall mean BANKINTER, as originator of the Mortgage Loans by means of the issue of the Pass-Through Certificates.

“Outstanding Balance of the Mortgage Loans” shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Mortgage Loans.

“Outstanding Principal Balance of Class A” shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date of all the Bonds in Series A1 and Series A2 making up Class A.

“Outstanding Principal Balance of the Series” shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date on all the Bonds making up the Series.

“Pass-Through Certificates” shall mean the pass-through certificates issued by BANKINTER on the Mortgage Loans subject to the provisions of Act 2/1981, and Additional Provision Three of Act 3/1994, as worded by article 18 of Act 44/2002, and subscribed for by the Fund.

“Paying Agent” shall mean the firm servicing the Bonds. The Paying Agent shall be BANKINTER.

“Payment Date” shall mean January 17, April 17, July 17 and October 17 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be April 17, 2007.

“Placement Agent” shall mean BANKINTER.

“PRICEWATERHOUSECOOPERS” shall mean PricewaterhouseCoopers Auditores S.L.

“Priority of Payments” shall mean the priority for applying the Fund’s payment or withholding obligations both for applying the Available Funds and for distribution of Available Funds for Amortisation of Series A1, A2, B, C and D from the first Payment Date until the last Payment Date or Fund liquidation date, exclusive.

“Rating Agencies” shall mean Moody’s Investors Service España, S.A. and Standard & Poor’s España, S.A.

“Reference Rate” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET time) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the third Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note.

“Required Cash Reserve” shall mean, on each Payment Date, the lower of the following amounts: (i) EUR twenty million six hundred thousand (20,600,000.00) and (ii) the higher of a) 2.66% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D and b) a sum of EUR ten million three hundred thousand (10,300,000.00). Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date in any of the circumstances provided for in section 3.4.2.2 of the Building Block.

“Royal Decree 116/1992” shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14.

“Royal Decree 1310/2005” shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

“Royal Decree 685/1982” shall mean Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree’s articles.

“Royal Decree 926/1998” shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

“Royal Decree Law 5/2005” shall mean Royal Decree-Law 5/2005, March 11, on urgent measures for boosting productivity and improving public contracting.

“S&P” shall mean both Standard & Poor’s España, S.A. and Standard & Poor’s Rating Services, the holding company to which Standard & Poor’s España, S.A. is affiliated.

“SCH” shall mean Banco Santander Central Hispano S.A.

“Securities Market Act” shall mean Securities Market Act 24/1988, July 28, amended by Act 37/1998, November 16, and Act 44/2002, November 22, and Royal Decree Law 5/2005, March 11, among other amendments.

“Series A1 Bonds” shall mean the Series A1 Bonds issued by the Fund having a total face amount of EUR eighty-five million (85,000,000.00) comprising eight hundred and fifty (850) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A1, A2, B, C and D Amortisation Withholding” shall mean, on each Payment Date, the positive difference if any on the Determination Date preceding the relevant Payment Date between (i) the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, minus, until the Payment Date falling on April 17, 2008, inclusive, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans

“Series A1” shall mean the Series A1 Bonds issued by the Fund.

“Series A2 Bonds” shall mean the Series A2 Bonds issued by the Fund having a total face amount of EUR one billion three hundred and ninety-seven million four hundred thousand (1,397,400,000.00) comprising thirteen thousand nine hundred and seventy-four (13,974) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A2” shall mean the Series A2 Bonds issued by the Fund.

“Series B Bonds” shall mean the Series B Bonds issued by the Fund having a total face amount of EUR twenty-two million four hundred thousand (22,400,000.00) comprising two hundred and twenty-four (224) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series B” shall mean the Series B Bonds issued by the Fund.

“Series C Bonds” shall mean the Series C Bonds issued by the Fund having a total face amount of EUR twenty-four million one hundred thousand (24,100,000.00) comprising two hundred and forty-one (241) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series C” shall mean the Series C Bonds issued by the Fund.

“Series D Bonds” shall mean the Series D Bonds issued by the Fund having a total face amount of EUR twenty million five hundred thousand (20,500,000.00) comprising two hundred and five (205) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series D” shall mean the Series D Bonds issued by the Fund.

“Series E Bonds” shall mean the Series E Bonds issued by the Fund having a total face amount of EUR twenty million six hundred thousand (20,600,000.00) comprising two hundred and six (206) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series E” shall mean the Series E Bonds issued by the Fund.

“Servicer” shall mean the institution in charge of custody and servicing of the Mortgage Loans and custody of the certificates representing the Pass-Through Certificates under the Servicing Agreement, i.e. BANKINTER.

“Servicing Agreement” shall mean the Mortgage Loan servicing and custody and Pass-Through Certificate custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BANKINTER, as Servicer.

“Start-Up Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANKINTER, for a sum of EUR one million nine hundred and fifty thousand (1,950,000.00).

“Start-Up Loan” shall mean the loan granted by BANKINTER to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

“Subscription Period” shall mean the Bond subscription period comprised between 1pm (CET time) and 2pm (CET time) on November 22, 2006.

“Surplus Account” shall mean the financial account opened in an institution whose short-term, unsecured and unsubordinated debt is rated at least as high as P-1 and A-1+ respectively by Moody’s and S&P, to which the amount of the excess of the sum of the Treasury Account and Amortisation Account balance of the amount equivalent to twenty percent (20.00%) of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D shall be transferred and credited.

“Treasury Account” shall mean the financial account in euros opened at BANKINTER in the Fund’s name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive payments.

“Underwriter and Placement Agent” shall mean CALYON, MERRILL LYNCH, SCH, DEXIA CAPITAL MARKETS and FORTIS BANK.