

PROSPECTUS

June 22, 2006

BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 800,000,000

| | | |
|------------------|------------------------|-----------------|
| Series A1 | EUR 49,000,000 | Aaa/AAA |
| Series A2 | EUR 682,000,000 | Aaa/AAA |
| Series B | EUR 16,200,000 | Aa3/A+ |
| Series C | EUR 27,500,000 | Baa2/BBB |
| Series D | EUR 10,700,000 | Ba3/BB |
| Series E | EUR 14,600,000 | C/CCC- |

Backed by loans assigned and serviced by



BANKINTER

Lead Managers



BANKINTER

Deutsche Bank



IXIS

CORPORATE & INVESTMENT BANK

Underwriters and Placement Agents

DEUTSCHE BANK

IXIS CIB

Placement Agents

BANKINTER

FORTIS BANK

**MERRILL LYNCH
INTERNATIONAL**

SCH

Paying Agent

BANKINTER

Fund established and managed by



Material Event concerning

BANKINTER 2 PYME Fondo de Titulización de Activos

As provided for in the Prospectus for **BANKINTER 2 PYME 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 |
|--|--|
| 3.4.4.1 Building Block Paragraph 2 (Treasury Account) | <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 2 PYME Fondo de Titulización de Activos

As provided for in the Prospectus for **BANKINTER 2 PYME 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 August 11, 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 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**”);
4. A Securities Note building block, prepared using the block provided in Annex VIII to Regulation 809/2004 (the “**Building Block**”); and
5. A glossary of definitions.

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 closed-end 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.

c) Limitation of actions against the Management Company.

Bondholders and all other ordinary creditors of the Fund shall have no recourse whatsoever against the Fund Management Company other than as derived from a breach of its duties or inobservance of the provisions of the Deed of Constitution and of this Prospectus.

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 transactions involving the issue of the Pass-Through Certificates and assignment of the Non-Mortgage Loans cannot be the subject of restitution other than by an action brought by the receivers of BANKINTER, in accordance with the provisions of the Bankruptcy Act.

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 and to the Non-Mortgage Loans, 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 and Non-Mortgage Loan 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 to 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 Loan repayment and to assumed Loan prepayment rates that may not be fulfilled. 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 late-payment interest accruing to their favour.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Loans.

Bondholders shall bear the risk of default on the Loans pooled in the Fund.

BANKINTER, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans. Under article 348 of the Commercial Code, BANKINTER is liable to the Fund exclusively for the existence and lawfulness of the Loans, 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 Loans, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Loans or Pass-Through Certificates failing to conform, upon the Fund being established, to the representations given 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 Loans might reduce or indeed exhaust the limited hedging against Loan portfolio 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 the Priority of Payments and the Liquidation Priority of Payments of the Fund is a mechanism for distinctly hedging the different Series, respectively.

c) Loan prepayment risk.

There will be a prepayment of the Loans pooled in the Fund when the Obligors prepay the portion of principal pending repayment on the Loans, or in the event that BANKINTER should be substituted in the relevant Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That prepayment risk shall pass quarterly on each Payment Date after November 16, 2007 to Bondholders by the partial amortisation of the Bonds, in accordance with the amortisation conditions of each Series contained in section 4.9.2 of the Securities Note.

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 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 2 PYME 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 April 24, 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.

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 April 30, 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 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BANKINTER 2 PYME FTA
- BANKINTER 2 PYME 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 June 22, 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 of the Loans, shall proceed to execute on June 26, 2006 a public deed whereby BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANKINTER will assign to the Fund Non-Mortgage Loans and Mortgage Loans, the latter 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 and 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 May 16, 2043 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 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.

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

- (i) When the amount of the Outstanding Balance of the Loans yet to be repaid is less than ten (10) percent of the initial Outstanding Balance of the Loans upon the Fund being established, and provided that the payment obligations derived from the Bonds in each Series yet to be repaid 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 the 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) 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.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) Upon the lapse of thirty (30) months from the date of the last maturity of the Loans, even if amounts are still due and payable.

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 of (i) the event or events for which an Early Liquidation of the Fund is effected, (ii) the liquidation procedure, and (iii) the manner in which the payment obligations derived from the Bonds are to be honoured and settled in the Liquidation Priority of Payments.

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) Notwithstanding the provisions of paragraph (iv) below, shall proceed to sell the Loans remaining in the Fund for a price of not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant 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, which shall be fully allocated to the early amortisation of Series A1, A2, B, C and D Bonds, the financial cost of which (interest and fees and expenses, if any) may not be in excess of the average Nominal Interest Rate of Series A1, A2, B, C and D yet to be repaid weighted by the Outstanding Principal Balance of each of those Series. The financial costs due shall be paid and the credit facility shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.
- (iv) Finally, both due to an insufficiency of the preceding actions and the existence of Loans 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 Loans and for the assets on offer. 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, the Originator shall have a pre-emptive right and will therefore have priority over third parties to acquire the Loans or other remaining assets still on the assets of the Fund, and/or may grant to the Fund the credit facility designed for the early amortisation of the outstanding Series A1, A2, B, C and D Bonds. The Management Company shall therefore send the Originator a list of the assets and of third-party bids received, and the latter may use that right for all of the Loans and other assets offered by the Management Company or the credit facility within five (5) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids.

The Management Company shall forthwith apply all the proceeds from the sale of 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 Series A1, A2, B, C and D Bonds yet to be repaid, which shall be fully applied to early amortisation of these Series.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Loans 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) Upon the final liquidation of the Fund on the Final Maturity Date on May 16, 2043 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, the assignment of the Loans to 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, principal repayment being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on behalf of the Fund.

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 Loans that are pending

the outcome of legal or notarial proceedings instituted as a result of default by the 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 Loans and 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**"), and (iv) 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 Legislative Royal Decree 4/2004, March 5, approving the Consolidation of the Corporation Tax Act; additional provision two of Act 13/1985, May 25, as worded by Act 19/2003 and Act 23/2005; article 20.One.18 of Value Added Tax Act 37/1992, December 28; article 59.k of Royal Decree 1777/2004, July 30, approving the Corporation Tax Regulations; 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; 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 liable to pay Corporation Tax, 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 Loans, including the Pass-Through Certificates, 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 exempt from Value Added 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 loans owned by BANKINTER S.A. (the "**Loans**") granted to non-financial enterprises (legal persons), mostly small and medium-sized enterprises (SMEs, as defined in section 2.2 of the Building Block) domiciled in Spain (the "**Obligors**") and to issue asset-backed bonds (the "**Asset-Backed Bonds**" or the "**Bonds**") designed to finance the acquisition of the Loans and set up the Initial Cash Reserve, the underwritten placement of which is targeted at qualified investors.

The selected loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security, originated in a public deed (the "**Mortgage Loans**").
The Mortgage Loans shall be assigned to the Fund upon BANKINTER issuing and the Fund subscribing 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, on the terms provided for in section 3.3 of this Building Block.
- (ii) Loans without special security, exclusively secured by pledging units in investment funds or with third-party personal guarantees, originated in a public document, which are enforceable (Civil Procedure Act article 517) (the "**Non-Mortgage Loans**").

The Non-Mortgage Loans shall be directly assigned to the Fund upon being sold by BANKINTER and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block.

In this Registration Document and elsewhere in the Prospectus the term "Loans" shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

Interest and repayment income on the Loans 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 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 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 S.A. (“**BANKINTER**”) is the originator of the Loans to be assigned to the Fund upon being established, shall be a Lead Manager of the Bond Issue and one of the Placement Agents 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, (iii) liaising with the Underwriters and Placement Agents and the Placement Agents, and (iv) 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, Loan Servicing, Financial Intermediation and Bond Paying Agent 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 | P-1 | A-1 |
| Long-term | A+ | Aa3 | A |

- DEUTSCHE BANK AG (“**DEUTSCHE BANK**”) shall be a Lead Manager of the Bond Issue and an Underwriter and 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, DEUTSCHE BANK shall be one of the Bond subscription book runners 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) liaising with the Underwriters and Placement Agents and the Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

DEUTSCHE BANK is a German credit institution, of Taunusanlage, 12, D-60325, Frankfurt am Main. In addition, DEUTSCHE BANK AG is registered at the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

DEUTSCHE BANK, as a Community credit institution, is acting in Spain under a system of free provision of services.

- IXIS CORPORATE & INVESTMENT BANK ("**IXIS CIB**") shall be a Lead Manager of the Bond Issue and an Underwriter and 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, IXIS CIB shall be one of the Bond subscription book runners 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) liaising with the Underwriters and Placement Agents and the Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

IXIS CIB is a bank incorporated and registered in France also entered in the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

IXIS CIB, as a Community credit institution, is acting in Spain under a system of free provision of services.

VAT REG. No.: FR66340 706 4007

Registered office: 47 quai d'Austerlitz, 75658 Paris cedex 13 (France)

- FORTIS BANK NV-SA ("**FORTIS BANK**") shall be one of the Placement Agents of the Bond Issue.

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

VAT REG. No.: BE403199702

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

- MERRILL LYNCH INTERNATIONAL ("**MERRILL LYNCH**") shall be one of the Placement Agents of the Bond Issue.

MERRILL LYNCH is an unlimited liability company incorporated in the United Kingdom and entered in the companies register of England under number 2312079. In addition, MERRILL LYNCH is entered in 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 Underwriters and Placement Agents of the Bond Issue.

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.: 65121

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) (Spain)

- 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, and 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, and 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: Carrera de San Jerónimo number 15, 28014 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**") has audited the selected loans of BANKINTER.

PRICEWATERHOUSECOOPERS is 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.

DEUTSCHE BANK AG is part of the same Group as Deutsche Bank, S.A. and Deutsche Bank Credit, S.A., and the latter in turn have a joint 1.5316 percent interest in EUROPEA DE TITULIZACIÓN's share capital.

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. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS 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.

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS 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 manages 55 securitisation funds as at the registration date of this Registration Document, 21 being mortgage securitisation funds and 34 being asset securitisation funds.

The following table itemises the 55 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances.

| Securitisation Fund | Establishment | Bond Issue Initially | Bond Balance 31.05.2006 | Issue | Bond Balance 31.12.2005 | Issue | Bond Issue Balance 31.12.2004 |
|--------------------------------|---------------|--------------------------|--------------------------|--------------|--------------------------|---------------|-------------------------------|
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| TOTAL | | 49,617,846,652.96 | 36,031,113,157.88 | 10.9% | 32,490,363,122.22 | 49.44% | 21,742,066,167.51 |
| Mortgage (FTH) | | 12,627,546,652.96 | 7,227,348,140.76 | 11.6% | 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 | 898,631,258.10 | -5.4% | 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 | 341,950,245.14 | -4.1% | 356,717,443.60 | -19.5% | 443,242,308.18 |
| Bankinter 5 FTH | 16.12.2002 | 710,000,000.00 | 425,905,310.16 | -8.6% | 465,770,758.79 | -18.1% | 568,496,104.12 |
| BZ Hipotecario 4 FTH | 27.11.2002 | 313,400,000.00 | 149,629,849.60 | -12.5% | 170,910,609.60 | -20.4% | 214,702,964.80 |
| Rural Hipotecario IV FTH | 14.11.2002 | 520,000,000.00 | 278,247,495.02 | -10.6% | 311,312,202.68 | -18.7% | 383,066,455.30 |
| Bancaja 4 FTH | 05.11.2002 | 1,000,000,000.00 | 500,464,725.25 | -5.6% | 530,288,384.35 | -21.7% | 676,910,165.65 |
| Bankinter 4 FTH | 24.09.2002 | 1,025,000,000.00 | 637,431,589.04 | -8.4% | 695,988,565.76 | -13.6% | 805,537,009.40 |
| Rural Hipotecario III FTH | 14.05.2002 | 325,000,000.00 | 173,321,792.47 | -5.2% | 182,884,293.55 | -17.5% | 221,756,180.86 |
| Bankinter 3 FTH | 22.10.2001 | 1,322,500,000.00 | 686,576,079.75 | -8.7% | 752,104,867.20 | -14.8% | 882,775,463.04 |
| BZ Hipotecario 3 FTH | 23.07.2001 | 310,000,000.00 | 115,966,914.66 | -11.7% | 131,343,594.55 | -20.2% | 164,493,197.56 |
| Rural Hipotecario II FTH | 29.05.2001 | 235,000,000.00 | 97,410,638.20 | -10.4% | 108,722,959.00 | -19.6% | 135,215,972.80 |
| BZ Hipotecario 2 FTH | 28.04.2000 | 285,000,000.00 | 69,021,372.10 | -13.0% | 79,335,648.86 | -24.0% | 104,365,347.64 |
| Rural Hipotecario I FTH | 22.02.2000 | 200,000,000.00 | 59,958,098.48 | -12.7% | 68,686,186.28 | -20.5% | 86,384,087.06 |
| Bankinter 2 FTH | 25.10.1999 | 320,000,000.00 | 124,456,513.10 | -9.1% | 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 | 78,581,050.38 | -7.6% | 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 | 59,937,667.99 | 0.0% | 59,937,667.99 | -22.4% | 77,225,834.66 |
| Bancaja 1 FTH | 18.07.1997 | 120,202,420.88 | 14,466,167.60 | -8.4% | 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) | | 36,990,300,000.00 | 28,803,765,017.12 | 10.7% | 26,015,101,944.04 | 61.8% | 16,077,750,673.08 |
| 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 | 810,000,000.00 | | | | |
| Bancaja 9 FTA | 02.02.2006 | 2,022,600,000.00 | 1,981,238,900.00 | | | | |
| 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 | 480,220,047.21 | -7.6% | 520,000,000.00 | | |
| Rural Hipotecario Global I FTA | 18.11.2005 | 1,078,000,000.00 | 1,008,720,041.27 | -6.4% | 1,078,000,000.00 | | |
| FTPYME Bancaja 4 FTA | 07.11.2005 | 1,524,000,000.00 | 1,239,686,688.80 | -18.7% | 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 | 653,801,822.96 | -12.3% | 745,472,663.52 | | |
| BBVA Hipotecario 3 FTA | 13.06.2005 | 1,450,000,000.00 | 1,176,199,795.85 | -11.0% | 1,321,621,631.30 | | |
| Rural Hipotecario VII FTA | 29.04.2005 | 1,100,000,000.00 | 959,061,473.82 | -4.3% | 1,002,428,919.05 | | |
| Bancaja 8 FTA | 22.04.2005 | 1,680,100,000.00 | 1,387,725,156.82 | -9.9% | 1,539,361,229.38 | | |
| Bankinter 9 FTA | 14.02.2005 | 1,035,000,000.00 | 1,035,000,000.00 | 0.0% | 1,035,000,000.00 | | |
| BBVA-3 FTPYME FTA | 29.11.2004 | 1,000,000,000.00 | 703,056,087.48 | -29.7% | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 |
| Ruralpyme 1 FTPYME FTA | 23.11.2004 | 214,000,000.00 | 160,225,980.46 | -7.4% | 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 |

| Securitisation Fund | Establishment | Bond Issue Initially | Bond Balance 31.05.2006 | Issue | Bond Balance 31.12.2005 | Issue | Bond Balance 31.12.2004 |
|--------------------------|---------------|----------------------|-------------------------|--------|-------------------------|--------|-------------------------|
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| FTPME Bancaja 3 FTA | 11.10.2004 | 900,000,000.00 | 603,000,000.00 | -33.0% | 900,000,000.00 | 0.0% | 900,000,000.00 |
| Bancaja 7 FTA | 12.07.2004 | 1,900,000,000.00 | 1,314,070,952.18 | -24.9% | 1,750,000,000.00 | -7.9% | 1,900,000,000.00 |
| Rural Hipotecario VI FTA | 07.07.2004 | 950,000,000.00 | 713,376,906.52 | -8.7% | 781,477,860.25 | -14.9% | 918,039,044.03 |
| MBS Bancaja 1 FTA | 17.05.2004 | 690,000,000.00 | 416,821,746.78 | -39.6% | 690,000,000.00 | 0.0% | 690,000,000.00 |
| Valencia H 1 FTA | 23.04.2004 | 472,000,000.00 | 342,563,660.66 | -7.7% | 371,107,375.09 | -14.9% | 436,154,049.09 |
| Bankinter 8 FTA | 03.03.2004 | 1,070,000,000.00 | 801,021,985.91 | -4.4% | 837,970,768.01 | -14.1% | 976,014,308.21 |
| Bancaja 6 FTA | 03.12.2003 | 2,080,000,000.00 | 1,204,239,206.04 | -12.1% | 1,369,610,139.04 | -34.2% | 2,080,000,000.00 |
| Rural Hipotecario V FTA | 28.10.2003 | 695,000,000.00 | 474,264,387.76 | -5.1% | 499,528,194.12 | -15.5% | 591,221,073.84 |
| Bankinter 6 FTA | 25.09.2003 | 1,350,000,000.00 | 967,010,359.08 | -7.3% | 1,043,250,162.72 | -12.4% | 1,191,555,147.63 |
| FTPME Bancaja 2 FTA | 19.09.2003 | 500,000,000.00 | 225,469,535.06 | -16.6% | 270,480,639.80 | -44.0% | 483,139,909.38 |
| Bancaja 5 FTA | 14.04.2003 | 1,000,000,000.00 | 533,460,657.25 | -11.7% | 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 |
| FTPME Bancaja 1 FTA | 04.03.2002 | 600,000,000.00 | 258,005,511.90 | -1.1% | 260,899,034.40 | -56.5% | 600,000,000.00 |
| BBVA-2 FTPME ICO | 01.12.2000 | 900,000,000.00 | 231,400,719.09 | -24.5% | 306,595,443.42 | -39.7% | 508,081,398.75 |
| BCL Municipios I FTA | 21.06.2000 | 1,205,000,000.00 | 522,654,470.00 | -12.3% | 595,672,530.00 | -26.9% | 815,121,170.00 |
| BBVA-1 FTA | 24.02.2000 | 1,112,800,000.00 | 278,868,924.22 | -2.0% | 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 |
| Legal | 360,607.50 | 0.00% | 360,607.50 | 0.28% | 359,609.03 |
| Voluntary | 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 to resolve to set up Asset 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 * |
| Vice-Chairman: | Mr Carlos Pertejo Muñoz ** |
| Directors: | Mr Ignacio Aldonza Goicoechea Mr Luis Bach Gómez * Mr José M ^a . Castellón Leal on behalf of Barclays Bank, S.A. Ms Ana Fernández Manrique * *** Mr Juan Gortázar Sánchez-Torres Mr Mario Masiá Vicente * Ms Carmen Pérez de Muniaín Marzana * Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. * Mr Jesús del Pino Durán Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A. Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. Mr José Manuel Tamayo Pérez Mr Pedro M ^a . Urresti Laca on behalf of J.P. Morgan España, S.A. * Mr Ignacio Benlloch Fernández-Cuesta on behalf of Banco Cooperativo Español S.A. |
| Non-Director Secretary: | Ms Belén Rico Arévalo |

* Member of the Board of Directors' Executive Committee.

** Mr Pertejo tendered his resignation as Vice-Chairman and member of the Board of Directors in a letter dated May 23, 2006. It is yet to be notified to the CNMV and yet to be entered in the Companies Register.

*** This appointment to the Executive Committee by the Board of Directors at a meeting held on March 28, 2006 has been notified to the CNMV and 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 6.1.6 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, Lead Manager, 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.

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 institutions 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 |
| | <hr/> |
| | 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 no financial statement has been prepared 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 the Management Company's and the Originator's corporate resolutions;
- 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 loans selected from which the Loans will be taken to be assigned to the Fund upon being established;
- f) the letters from the Rating Agencies notifying the ratings assigned to each of the Series in the Bond Issue;
- g) the letters from the Lead Managers;
- h) the letter from the Originator;
- i) the letter from BANKINTER whereby this bank 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 of AIAF at www.aiaf.es, and is available to investors interested in the offer at the registered offices of the Underwriters and Placement Agents and of the Placement Agents.

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Calle Pedro Teixeira number 8.

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 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

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 April 24, 2006.

- 1.1.2 Mr Iñigo Guerra Azcona, duly authorised for these presents, for and on behalf of BANKINTER, S.A., Lead Manager of the Bond Issue by BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note.

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

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.
- 1.2.2 Mr Iñigo Guerra Azcona 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.

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 or controlling interest 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 Loans to be pooled in the Fund.

- d) BANKINTER, DEUTSCHE BANK and IXIS CIB are involved as Lead Managers of the Bond Issue.
- e) DEUTSCHE BANK and IXIS CIB shall be the institutions in charge of keeping the Bond subscription orders book (*joint book runners*).
- f) DEUTSCHE BANK and IXIS CIB are involved as Underwriters and Placement Agents of the Bond Issue.
- g) BANKINTER, FORTIS BANK, MERRILL LYNCH and SCH shall be the Placement Agents of the Bond Issue.
- h) 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, 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 eight hundred million (800,000,000.00) consisting of eight thousand (8,000) 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 seven hundred and thirty-one million (731,000,000.00) (either "**Class A**" or the "**Class A Bonds**"):
 - i) Series A1 having a total face amount of EUR forty-nine million (49,000,000.00) comprising four hundred and ninety (490) 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 six hundred and eighty-two million (682,000,000.00) comprising six thousand eight hundred and twenty (6,820) 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 sixteen million two hundred thousand (16,200,000.00) comprising one hundred and sixty-two (162) 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-seven million five hundred thousand (27,500,000.00) comprising two hundred and seventy-five (275) 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 ten million seven hundred thousand (10,700,000.00) comprising one hundred and seven (107) 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 fourteen million six hundred thousand (14,600,000.00) comprising one hundred and forty-six (146) 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**").

The Bonds are issued at 100 percent of their face value. The issue price of each Bond 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.

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

Underwriting placement of the Bond Issue.

The Bond Issue shall be underwritten and placed by BANKINTER S.A. ("**BANKINTER**"), DEUTSCHE BANK AG ("**DEUTSCHE BANK**") and IXIS CORPORATE & INVESTMENT BANK ("**IXIS CIB**") as Lead Managers, DEUTSCHE BANK and IXIS CIB, as Underwriters and Placement Agents, and BANKINTER, FORTIS BANK NV-SA ("**FORTIS BANK**"), MERRILL LYNCH INTERNATIONAL ("**MERRILL LYNCH**") and BANCO SANTANDER CENTRAL HISPANO, S.A. ("**SCH**"), as Placement Agents, under the Bond Issue 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 Agents 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 amounts of their respective underwriting commitments, although BANKINTER may be bound to underwrite the entire Bond Issue; 3) payment by the Underwriters and Placement Agents and the Placement Agents, except BANKINTER, 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 have placed and subscribed for on their own account by the Underwriters and Placement Agents, as the case may be, up to their respective 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 other 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 amount of the Bond Issue; 4) an undertaking to pay late-payment interest covenanted in the 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 each Underwriter and Placement Agent in relation to its joint involvement in 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 |
| DEUTSCHE BANK | 24,500,000.00 | 341,000,000.00 | 8,100,000.00 | 13,700,000.00 | 5,300,000.00 | 7,300,000.00 |
| IXIS CIB | 24,500,000.00 | 341,000,000.00 | 8,100,000.00 | 13,800,000.00 | 5,400,000.00 | 7,300,000.00 |
| Total | 49,000,000.00 | 682,000,000.00 | 16,200,000.00 | 27,500,000.00 | 10,700,000.00 | 14,600,000.00 |

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, June 28, 2006, DEUTSCHE BANK and IXIS CIB 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 DEUTSCHE BANK and IXIS CIB (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 Agents 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 0.10%, both inclusive, for the Series A1 Bonds.
- 0.00% and 0.10%, both inclusive, for the Series A2 Bonds.
- 0.00% and 0.30%, both inclusive, for the Series B Bonds.
- 0.00% and 0.60%, both inclusive, for the Series C Bonds.
- 0.00% and 0.80%, 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 (June 27, 2006). Failing an agreement between the Lead Managers, the Management Company shall fix the underwriting and placement fee for the Series in respect of which there was no agreement at:

- 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.
- 0.00% for the Series D Bonds.
- 0.00% for the Series E Bonds.

BANKINTER, DEUTSCHE BANK y IXIS CIB shall not be remunerated for their involvement as Lead Managers in 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.

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) the Securities Market Act, (iv) Royal Decree 1310/2005, (v) Commission Regulation (EC) No. 809/2004 of April 29, 2004, and (v) 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 the Fund and the Bond Issue by the same shall be referred to the competent Spanish Courts and Tribunals.

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 Calle Pedro Teixeira, no. 8, 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 listed 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.

Interest payment and principal repayment on Series B Bonds 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 of the Fund.

Interest payment and principal repayment on Series C Bonds 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 of the Fund.

Interest payment and principal repayment on Series D Bonds 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 of the Fund.

Interest payment and principal repayment on Series E Bonds 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 of the Fund.

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 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 contained in section 4.9.3.1.6 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 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 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 the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals.

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 ("**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, June 29, 2006, inclusive, and the first Payment Date, August 16, 2006, 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 0.00% and 0.08%, both inclusive.
- **Series A2:** margin ranging between 0.06% and 0.17%, both inclusive.
- **Series B:** margin ranging between 0.16% and 0.38%, both inclusive.
- **Series C:** margin ranging between 0.25% and 1.00%, both inclusive.
- **Series D:** margin ranging between 1.00% and 2.25%, 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 (June 27, 2006).

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

- **Series A1:** 0.08% margin.
- **Series A2:** 0.17% margin.
- **Series B:** 0.38% margin.
- **Series C:** 1.00% margin.
- **Series D:** 2.25% margin.
- **Series E:** 3.90% margin.

The final margins applicable to each of Series A1, A2, B, C, D and E fixed shall be notified by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents and to the Placement Agents to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV as information in addition to this Prospectus. The final margin applicable to each Series A1, A2, B, C, D and E shall be set down by the Management Company on the notarial certificate recording subscription for and payment of the Bond Issue.

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 Europeene") 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 one- (1-) month Euribor and two- (2-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, 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:

$$IR = [((D-30)/30) \times E2] + [(1-((D-30)/30)) \times E1]$$

Where:

- IR = Reference Rate for the first Interest Accrual Period.
- D = Number of days in the first Interest Accrual Period.
- E1 = One- (1-) month Euribor.
- E2 = Two- (2-) 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 one- (1-) 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 two- (2-) 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 second 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.

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 paragraphs one and two 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.

- iii) If the rates established in paragraphs i) and ii) above should not be available or be impossible to obtain, the last Reference Rate or substitute Reference Rate applied to the next preceding Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods whilst matters remain the same.

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 second Business Day preceding the Closing Date, which is the day of the Subscription Period, and shall notify the same in writing on the same day to the Underwriters and Placement Agents and to the Placement Agents in order for them to report this to investors interested in subscribing for the Bonds. 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 each Series, payable on each Payment Date for each Interest Accrual Period, shall be calculated 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, rounded up to the nearest eurocent..

P = Outstanding Principal Balance of 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 matched the second Business Day preceding the 16th of each month, which is the Payment Date, published 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 (0.04% for Series A1, 0.115% for Series A2, 0.27% for Series B, 0.625% for Series C, 1.625% 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 |
|-------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 9 June 2006 | 2.953 | 2.993 | 3.068 | 3.223 | 3.578 | 4.578 | 6.403 |
| 12 May 2006 | 2.885 | 2.925 | 3.000 | 3.155 | 3.510 | 4.510 | 6.335 |
| 13 April 2006 | 2.765 | 2.805 | 2.880 | 3.035 | 3.390 | 4.390 | 6.215 |
| 14 March 2006 | 2.701 | 2.741 | 2.816 | 2.971 | 3.326 | 4.326 | 6.151 |
| 14 February 2006 | 2.596 | 2.636 | 2.711 | 2.866 | 3.221 | 4.221 | 6.046 |
| 12 January 2006 | 2.514 | 2.554 | 2.629 | 2.784 | 3.139 | 4.139 | 5.964 |
| 14 December 2005 | 2.463 | 2.503 | 2.578 | 2.733 | 3.088 | 4.088 | 5.913 |
| 14 November 2005 | 2.323 | 2.363 | 2.438 | 2.593 | 2.948 | 3.948 | 5.773 |
| 13 October 2005 | 2.185 | 2.225 | 2.300 | 2.455 | 2.810 | 3.810 | 5.635 |
| 14 September 2005 | 2.135 | 2.175 | 2.250 | 2.405 | 2.760 | 3.760 | 5.585 |
| 12 August 2005 | 2.134 | 2.174 | 2.249 | 2.404 | 2.759 | 3.759 | 5.584 |
| 14 July 2005 | 2.119 | 2.159 | 2.234 | 2.389 | 2.744 | 3.744 | 5.569 |
| 14 June 2005 | 2.111 | 2.151 | 2.226 | 2.381 | 2.736 | 3.736 | 5.561 |
| 12 May 2005 | 2.126 | 2.166 | 2.241 | 2.396 | 2.751 | 3.751 | 5.576 |
| 14 April 2005 | 2.137 | 2.177 | 2.252 | 2.407 | 2.762 | 3.762 | 5.587 |
| 14 March 2005 | 2.135 | 2.175 | 2.250 | 2.405 | 2.760 | 3.760 | 5.585 |
| 14 February 2005 | 2.139 | 2.179 | 2.254 | 2.409 | 2.764 | 3.764 | 5.589 |
| 13 January 2005 | 2.144 | 2.184 | 2.259 | 2.414 | 2.769 | 3.769 | 5.594 |
| 14 December 2004 | 2.175 | 2.215 | 2.290 | 2.445 | 2.800 | 3.800 | 5.625 |
| 12 November 2004 | 2.172 | 2.212 | 2.287 | 2.442 | 2.797 | 3.797 | 5.622 |
| 14 October 2004 | 2.147 | 2.187 | 2.262 | 2.417 | 2.772 | 3.772 | 5.597 |
| 14 September 2004 | 2.116 | 2.156 | 2.231 | 2.386 | 2.741 | 3.741 | 5.566 |
| 12 August 2004 | 2.114 | 2.154 | 2.229 | 2.384 | 2.739 | 3.739 | 5.564 |
| 14 July 2004 | 2.115 | 2.155 | 2.230 | 2.385 | 2.740 | 3.740 | 5.565 |

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 February 16, May 16, August 16 and November 16 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 August 16, 2006, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, June 29, 2006, inclusive, and August 16, 2006, 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, the amounts that Bondholders should not have received 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 May 16, 2043, 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 the Paying Agent Agreement with BANKINTER set out in section 5.2.1 of this Securities Note.

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 November 16, 2007 ("**Series A1 Maturity Date**") or the following Business Day if that is not a Business Day, using the Available Funds for Amortisation on that Payment Date.

However, in the event of the Available Funds for Amortisation applied to amortising Series A1 on the Series A1 Maturity Date not being sufficient to amortise the aggregate face value of 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 applied on each Payment Date to amortising Series A1, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.1.5 and 4.9.3.1.6 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 (May 16, 2043 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 applied on each Payment Date to amortising Series A2, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.1.5 and 4.9.3.1.6 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 November 16, 2007 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 Series A1 Bonds, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A2 Bonds shall occur on the Final Maturity Date (May 16, 2043 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 applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.1.5 and 4.9.3.1.6 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 shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, 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 4.125%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (May 16, 2043 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 applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.1.5 and 4.9.3.1.6 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 shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, 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 7.003%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (May 16, 2043 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 applied on each Payment Date to amortising Series D in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.1.5 and 4.9.3.1.6 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 shall also be applied to amortising Series D on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series D in accordance with the rules for Distribution of Available Funds for Amortisation, 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 2.725%, or higher percentage closest thereto.

Final amortisation of Series D Bonds shall occur on the Final Maturity Date (May 16, 2043 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, in accordance with the 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 fourteen million six hundred thousand (14,600,000.00).
- (ii) The higher of:
 - a) 3.72% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
 - b) EUR seven million three hundred and four thousand two hundred and twenty (7,304,220.00).

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 Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful 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 two (2) years have not elapsed since the date of establishment of the Fund.”

In the event that the Fund should not have sufficient liquidity to settle the partial amortisation of Series E Bonds due on a Payment Date in full, then the amount not repaid shall be accumulated to the amount that should be repaid in this connection on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts not repaid shall build up until fully paid on the Payment Date on which they are settled.

Final amortisation of Series E Bonds shall occur on the Final Maturity Date (May 16, 2043), 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.

4.9.3.1 Partial amortisation.

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 November 16, 2007, 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.

4.9.3.1.1 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 which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be August 9, 2006.

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, August 9, 2006, 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 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), not including the first date but including the last date.

4.9.3.1.2 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.

4.9.3.1.3 Outstanding Balance of the Loans.

The Outstanding Balance of a 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 Loan on a given date.

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

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

Doubtful Loans shall be deemed to be 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 Loans shall be deemed to be Loans that are not deemed to be Doubtful Loans on a given date.

4.9.3.1.4 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 Series A1, A2, B, C and D Bonds as a whole, without distinguishing between those Series ("**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 November 16, 2007, 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 Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding shall be included among the Available Funds for Amortisation and be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.1.6 below.

4.9.3.1.5 Available Funds for Amortisation on each Payment Date and Amortisation Deficiency.

The Available Funds for Amortisation on each Payment Date (the "**Available Funds for Amortisation**") shall be the following:

- a) The Amortisation Withholding amount actually applied in seventh (7th) place of the Available Funds on the relevant Payment Date, and
- b) Exclusively on the Payment Date falling on November 16, 2007, 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 Amortisation Withholding amount, and (ii) the amount actually applied of the Available Funds for Amortisation.

4.9.3.1.6 Distribution of Available Funds for Amortisation.

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

1. Until the Payment Date falling on November 16, 2007, exclusive, the Available Funds for Amortisation shall be credited to the Amortisation Account.
2. From the Payment Date falling on November 16, 2007, inclusive, the Available Funds for Amortisation 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 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 ("**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 Loans is in excess of 2.00% of the Outstanding Balance of Non-Doubtful Loans.

In that event, on the relevant Payment Date the amount of the Available Funds for Amortisation 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 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 4.125% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.50% of the Outstanding Balance of Non-Doubtful 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 7.003% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful 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 2.725% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D, and
 - ii) the Outstanding Balance of Delinquent Loans does not exceed 0.75% of the Outstanding Balance of Non-Doubtful 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 shall have been 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 Non-Doubtful 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 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 or of Series C or of Series D to the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D is respectively kept at 4.125% or at 7.003% or at 2.725%, or higher percentages closest thereto.

In the event that on the Payment Date preceding the then-current Payment Date, and provided that the amortisation of Series B and, as the case may be, C and, as the case may be, D, should apply, the ratio of the Outstanding Principal Balance of Series B, C or D to the Outstanding Principal Balance of Series A1, A2, B, C and D should be respectively in excess of 4.125%, 7.003% or 2.725% (the "objective ratio"), the Available Funds for Amortisation shall be applied (i) firstly, to amortising the Series eligible for amortisation having the highest proportion between (a) the ratio of the Outstanding Principal Balance of that Series to the Outstanding Principal Balance of Series A1, A2, B, C and D on the preceding Payment Date minus the Available Funds for Amortisation on the then-current Payment Date and (b) its objective ratio, up to the same proportion as the Series having the second proportion described above, whereupon the Available Funds for Amortisation shall be pro rated among both Series, and so on.

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, after first notifying the CNMV, 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 May 16, 2043 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 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 Loan established in the relevant loan document.
- ii) The Obligors' capacity to prepay the Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, 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 the Loans, subject to a possible renegotiation to a fixed rate, resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency and default in payment of Loan instalments.

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

- Loan interest rate: 3.28% weighted average interest rate as of May 25, 2006 of the portfolio of selected loans which has been used for calculating the repayment instalments and interest of each of the selected loans;
- Loan portfolio delinquency: 0.10% of the Outstanding Balance of the Loans, with 100% recoveries within 15 months of becoming delinquent;
- Loan portfolio doubtfuls rated as bad debts: 0%;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is June 29, 2006;
- that there is no Amortisation Deficiency, and
- that there is no extension of the term of any of the loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. 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 1-month Euribor (2.845%) and 2-month Euribor (2.909%) on June 9, 2006 and 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 (0.04% for Series A1, 0.115% for Series A2, 0.27% for Series B, 0.625% for Series C, 1.625% for Series D and 3.45% for Series E):

| | Series A1 Bonds | Series A2 Bonds | Series B Bonds | Series C Bonds | Series D Bonds | Series E Bonds |
|------------------------------|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Nominal interest rate | 2.923% | 2.998% | 3.153% | 3.508% | 4.508% | 6.333% |

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 (2.953%) on June 9, 2006 and 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 (0.04% for Series A1, 0.115% for Series A2, 0.27% for Series B, 0.625% for Series C, 1.625% for Series D and 3.45% for Series E):

| | Series A1 Bonds | Series A2 Bonds | Series B Bonds | Series C Bonds | Series D Bonds | Series E Bonds |
|------------------------------|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Nominal interest rate | 2.993% | 3.068% | 3.223% | 3.578% | 4.578% | 6.403% |

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 of the Registration Document when the Outstanding Balance of the 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% |
|-----------------------------|------------------------|--------------|---------------|---------------|---------------|
| | Series A1 Bonds | | | | |
| Average life (years) | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 |
| IRR | 3.063% | 3.063% | 3.063% | 3.063% | 3.063% |
| Duration (years) | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 |
| Final maturity | 16 11 2007 | 16 11 2007 | 16 11 2007 | 16 11 2007 | 16 11 2007 |
| (in years) | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 |

| % CPR: | 6.00% | 8.00% | 10.00% | 12.00% | 14.00% |
|--------|-------|-------|--------|--------|--------|
|--------|-------|-------|--------|--------|--------|

| Series A2 Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 4.51 | 4.16 | 3.85 | 3.60 | 3.38 |
| IRR | 3.143% | 3.143% | 3.143% | 3.143% | 3.143% |
| Duration (years) | 3.98 | 3.70 | 3.45 | 3.24 | 3.05 |
| Final maturity | 16 11 2016 | 16 02 2016 | 18 05 2015 | 17 11 2014 | 16 05 2014 |
| (in years) | 10.39 | 9.64 | 8.89 | 8.39 | 7.88 |

| Series B Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 7.05 | 6.48 | 5.97 | 5.55 | 5.16 |
| IRR | 3.305% | 3.305% | 3.305% | 3.305% | 3.305% |
| Duration (years) | 6.05 | 5.62 | 5.22 | 4.88 | 4.57 |
| Final maturity | 16 11 2016 | 16 02 2016 | 18 05 2015 | 17 11 2014 | 16 05 2014 |
| (in years) | 10.39 | 9.64 | 8.89 | 8.39 | 7.88 |

| Series C Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 7.05 | 6.48 | 5.97 | 5.55 | 5.16 |
| IRR | 3.675% | 3.675% | 3.675% | 3.675% | 3.675% |
| Duration (years) | 5.96 | 5.53 | 5.14 | 4.82 | 4.51 |
| Final maturity | 16 11 2016 | 16 02 2016 | 18 05 2015 | 17 11 2014 | 16 05 2014 |
| (in years) | 10.39 | 9.64 | 8.89 | 8.39 | 7.88 |

| Series D Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 7.05 | 6.48 | 5.97 | 5.55 | 5.16 |
| IRR | 4.720% | 4.720% | 4.720% | 4.720% | 4.720% |
| Duration (years) | 5.69 | 5.30 | 4.94 | 4.63 | 4.35 |
| Final maturity | 16 11 2016 | 16 02 2016 | 18 05 2015 | 17 11 2014 | 16 05 2014 |
| (in years) | 10.39 | 9.64 | 8.89 | 8.39 | 7.88 |

| Series E Bonds | | | | | |
|----------------------|------------|------------|------------|------------|------------|
| Average life (years) | 7.68 | 7.08 | 6.51 | 6.10 | 5.70 |
| IRR | 6.648% | 6.648% | 6.648% | 6.648% | 6.648% |
| Duration (years) | 5.58 | 5.24 | 4.91 | 4.65 | 4.41 |
| Final maturity | 16 11 2016 | 16 02 2016 | 18 05 2015 | 17 11 2014 | 16 05 2014 |
| (in years) | 10.39 | 9.64 | 8.89 | 8.39 | 7.88 |

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 provided for 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 = (A_1 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 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 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.
- In this scenario, Pro Rata Amortisation of Class A does not apply and the Conditions for Pro Rata Amortisation do.

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
 (AMOUNTS IN EUR)
 CPR = 8%

| Payment Date | Series A1 Bonds | | | | Series A2 Bonds | | | | Series B Bonds | | | | Series C Bonds | | | | Series D Bonds | | | | Series E Bonds | | | |
|--------------|---------------------|----------------|------------|---------------------|---------------------|----------------|------------|---------------------|---------------------|----------------|------------|---------------------|---------------------|----------------|------------|---------------------|---------------------|----------------|------------|---------------------|---------------------|----------------|------------|--|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Principal Repayment | Gross Interest | Total Flow | |
| TOTALS: | 100,000.00 | 4,189.19 | 104,189.19 | 100,000.00 | 100,000.00 | 12,929.30 | 112,929.30 | 100,000.00 | 100,000.00 | 21,177.99 | 121,177.99 | 100,000.00 | 100,000.00 | 23,511.62 | 123,511.62 | 100,000.00 | 100,000.00 | 30,085.15 | 130,085.15 | 100,000.00 | 100,000.00 | 45,931.54 | 145,931.54 | |
| 29-Jun-06 | | | | | | | | | | | | | | | | | | | | | | | | |
| 16-Aug-06 | 0.00 | 389.73 | 389.73 | 0.00 | 399.73 | 399.73 | 784.04 | 0.00 | 784.04 | 823.66 | 823.66 | 420.40 | 0.00 | 467.73 | 467.73 | 0.00 | 0.00 | 601.07 | 601.07 | 0.00 | 0.00 | 844.40 | 844.40 | |
| 16-Nov-06 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 784.04 | 0.00 | 784.04 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Feb-07 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 784.04 | 0.00 | 784.04 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-May-07 | 0.00 | 739.94 | 739.94 | 0.00 | 758.48 | 758.48 | 758.48 | 0.00 | 758.48 | 796.80 | 796.80 | 796.80 | 0.00 | 884.56 | 884.56 | 0.00 | 0.00 | 1,131.78 | 1,131.78 | 0.00 | 0.00 | 1,582.96 | 1,582.96 | |
| 16-Aug-07 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 784.04 | 0.00 | 784.04 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Nov-07 | 100,000.00 | 764.88 | 100,764.88 | 23,218.44 | 784.04 | 24,002.48 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | | |
| 18-Feb-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,729.88 | 602.00 | 5,331.88 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-May-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,428.08 | 552.64 | 4,980.72 | 0.00 | 0.00 | 805.75 | 805.75 | 805.75 | 0.00 | 894.50 | 894.50 | 0.00 | 0.00 | 1,144.50 | 1,144.50 | 0.00 | 0.00 | 1,600.75 | 1,600.75 | |
| 18-Aug-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,267.29 | 530.20 | 4,797.49 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 17-Nov-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,000.85 | 496.74 | 4,497.59 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Feb-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,837.51 | 465.37 | 4,302.88 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 18-May-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,574.03 | 421.09 | 3,995.12 | 0.00 | 0.00 | 796.80 | 796.80 | 796.80 | 0.00 | 884.56 | 884.56 | 0.00 | 0.00 | 1,131.78 | 1,131.78 | 0.00 | 0.00 | 1,582.96 | 1,582.96 | |
| 17-Aug-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,433.85 | 407.26 | 3,841.11 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Nov-09 | 0.00 | 0.00 | 0.00 | 0.00 | 2,578.96 | 380.34 | 2,959.30 | 7,404.36 | 823.66 | 8,228.02 | 7,404.88 | 914.38 | 8,319.06 | 7,405.55 | 8,319.06 | 7,405.55 | 1,169.93 | 8,575.48 | 5,507.81 | 6,066.16 | 7,113.97 | 8,127.94 | | |
| 16-Feb-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,620.00 | 360.12 | 2,980.12 | 5,281.83 | 762.67 | 6,044.50 | 5,281.81 | 846.67 | 6,128.48 | 5,281.76 | 6,128.48 | 5,281.76 | 1,083.29 | 6,365.05 | 5,284.86 | 5,816.03 | 6,800.89 | 7,616.92 | | |
| 17-May-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,426.20 | 328.51 | 2,754.71 | 4,891.15 | 695.71 | 5,586.86 | 4,891.14 | 772.34 | 5,663.48 | 4,891.09 | 5,663.48 | 4,891.09 | 988.19 | 5,879.28 | 4,983.96 | 5,382.94 | 6,276.90 | 7,099.84 | | |
| 16-Aug-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,275.51 | 320.56 | 2,596.07 | 4,587.35 | 678.88 | 5,266.23 | 4,587.34 | 753.65 | 5,340.99 | 4,587.29 | 5,340.99 | 4,587.29 | 964.28 | 5,551.57 | 4,589.99 | 5,039.47 | 5,939.47 | 6,878.94 | | |
| 16-Nov-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,102.38 | 302.71 | 2,405.09 | 4,238.32 | 641.09 | 4,879.41 | 4,238.31 | 711.71 | 4,950.02 | 4,238.27 | 4,950.02 | 4,238.27 | 910.61 | 5,148.88 | 4,240.76 | 4,734.37 | 5,515.13 | 6,429.54 | | |
| 16-Feb-11 | 0.00 | 0.00 | 0.00 | 0.00 | 2,005.74 | 286.23 | 2,291.97 | 4,043.51 | 606.19 | 4,649.70 | 4,043.49 | 672.95 | 4,716.44 | 4,043.46 | 4,716.44 | 4,043.46 | 861.02 | 4,904.48 | 4,045.83 | 4,520.98 | 5,250.81 | 6,061.69 | | |
| 16-May-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,887.48 | 261.68 | 2,149.16 | 3,805.11 | 554.20 | 4,359.31 | 3,805.10 | 615.24 | 4,420.34 | 3,805.06 | 4,420.34 | 3,805.06 | 787.18 | 4,592.24 | 3,807.30 | 4,300.94 | 5,019.64 | 5,820.58 | | |
| 16-Aug-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,854.01 | 255.71 | 2,109.72 | 3,737.64 | 541.54 | 4,279.18 | 3,737.62 | 601.19 | 4,338.81 | 3,737.59 | 4,338.81 | 3,737.59 | 769.20 | 4,506.79 | 3,739.78 | 3,230.08 | 4,019.78 | 4,820.76 | | |
| 16-Nov-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,764.35 | 241.17 | 2,005.52 | 3,556.87 | 510.75 | 4,067.62 | 3,556.86 | 567.01 | 4,123.87 | 3,556.83 | 4,123.87 | 3,556.83 | 725.47 | 4,282.30 | 3,558.92 | 3,049.28 | 3,759.28 | 4,569.56 | | |
| 16-Feb-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,711.47 | 227.34 | 1,938.81 | 3,450.28 | 481.46 | 3,931.74 | 3,450.27 | 534.49 | 3,984.76 | 3,450.23 | 3,984.76 | 3,450.23 | 683.86 | 4,134.09 | 3,452.26 | 2,957.04 | 3,652.08 | 4,462.12 | | |
| 16-May-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,608.26 | 209.27 | 1,817.53 | 3,242.21 | 443.19 | 3,685.40 | 3,242.19 | 492.01 | 3,734.20 | 3,242.16 | 3,734.20 | 3,242.16 | 629.51 | 3,871.67 | 3,244.07 | 2,880.98 | 3,581.96 | 4,392.94 | | |
| 16-Aug-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,526.91 | 201.31 | 1,728.22 | 3,078.21 | 426.34 | 3,504.55 | 3,078.20 | 473.29 | 3,551.49 | 3,078.17 | 3,551.49 | 3,078.17 | 605.57 | 3,683.74 | 1,762.23 | 1,272.23 | 1,847.47 | 2,619.70 | | |
| 16-Nov-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,427.70 | 189.34 | 1,617.04 | 2,878.21 | 400.98 | 3,279.19 | 2,878.20 | 445.15 | 3,323.35 | 2,878.17 | 3,323.35 | 2,878.17 | 569.55 | 3,447.72 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 16-Feb-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,385.20 | 178.14 | 1,563.34 | 2,792.52 | 377.28 | 3,169.80 | 2,792.51 | 418.83 | 3,211.34 | 2,792.48 | 3,211.34 | 2,792.48 | 535.88 | 3,328.36 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 16-May-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,292.71 | 161.83 | 1,454.54 | 2,606.06 | 342.72 | 2,948.78 | 2,606.05 | 390.47 | 2,986.52 | 2,606.02 | 2,986.52 | 2,606.02 | 486.80 | 3,092.82 | 0.00 | 0.00 | 791.94 | 791.94 | | |
| 16-Aug-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,259.49 | 157.15 | 1,416.64 | 2,539.08 | 332.81 | 2,871.89 | 2,539.07 | 369.47 | 2,908.54 | 2,539.05 | 2,908.54 | 2,539.05 | 472.72 | 3,011.77 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 18-Nov-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,194.72 | 147.27 | 1,341.99 | 2,408.51 | 311.90 | 2,720.41 | 2,408.51 | 346.25 | 2,754.76 | 2,408.48 | 2,754.76 | 2,408.48 | 443.02 | 2,851.50 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 17-Feb-14 | 0.00 | 0.00 | 0.00 | 0.00 | 1,141.31 | 137.91 | 1,279.22 | 2,300.84 | 292.06 | 2,592.90 | 2,300.84 | 324.23 | 2,625.07 | 2,300.81 | 2,625.07 | 2,300.81 | 375.27 | 2,543.62 | 0.00 | 0.00 | 791.94 | 791.94 | | |
| 16-May-14 | 0.00 | 0.00 | 0.00 | 0.00 | 1,075.60 | 124.75 | 1,200.35 | 2,168.38 | 264.20 | 2,432.58 | 2,168.37 | 293.30 | 2,461.67 | 2,168.35 | 2,461.67 | 2,168.35 | 375.27 | 2,543.62 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 18-Aug-14 | 0.00 | 0.00 | 0.00 | 0.00 | 1,030.33 | 120.52 | 1,150.85 | 2,077.12 | 255.25 | 2,332.37 | 2,077.11 | 283.36 | 2,360.47 | 2,077.09 | 2,360.47 | 2,077.09 | 362.55 | 2,439.64 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 17-Nov-14 | 0.00 | 0.00 | 0.00 | 0.00 | 966.08 | 112.45 | 1,068.53 | 1,927.43 | 238.14 | 2,165.57 | 1,927.42 | 264.37 | 2,191.79 | 1,927.41 | 2,191.79 | 1,927.41 | 338.25 | 2,265.66 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 16-Feb-15 | 0.00 | 0.00 | 0.00 | 0.00 | 909.71 | 104.95 | 1,014.66 | 1,833.95 | 222.26 | 2,056.21 | 1,833.94 | 246.74 | 2,080.68 | 1,833.93 | 2,080.68 | 1,833.93 | 315.70 | 2,149.63 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 18-May-15 | 0.00 | 0.00 | 0.00 | 0.00 | 833.60 | 94.63 | 928.23 | 1,680.51 | 200.40 | 1,880.91 | 1,680.51 | 222.48 | 1,902.99 | 1,680.49 | 1,902.99 | 1,680.49 | 284.65 | 1,965.14 | 0.00 | 0.00 | 791.94 | 791.94 | | |
| 17-Aug-15 | 0.00 | 0.00 | 0.00 | 0.00 | 790.60 | 91.28 | 881.88 | 1,593.83 | 193.32 | 1,787.15 | 1,593.83 | 214.61 | 1,808.44 | 1,593.81 | 1,808.44 | 1,593.81 | 274.59 | 1,868.40 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 16-Nov-15 | 0.00 | 0.00 | 0.00 | 0.00 | 727.65 | 85.08 | 812.73 | 1,466.92 | 180.19 | 1,647.11 | 1,466.92 | 200.04 | 1,666.96 | 1,466.90 | 1,666.96 | 1,466.90 | 255.94 | 1,722.84 | 0.00 | 0.00 | 818.63 | 818.63 | | |
| 16-Feb-16 | 0.00 | 0.00 | 0.00 | 0.00 | 10,124.10 | 79.38 | 10,203.48 | 20,409.80 | 168.11 | 20,577.91 | 20,409.71 | 186.62 | 20,596.33 | 20,409.55 | 20,596.33 | 20,409.55 | 238.78 | 20,648.33 | 50,028.91 | 818.63 | 50,847.54 | 50,847.54 | | |

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
 (AMOUNTS IN EUR)
 CPR = 10%

| Payment Date | Series A1 Bonds | | | | Series A2 Bonds | | | | Series B Bonds | | | | Series C Bonds | | | | Series D Bonds | | | | Series E Bonds | | | |
|--------------|---------------------|----------------|------------|-----------|---------------------|----------------|------------|-----------|---------------------|----------------|------------|----------|---------------------|----------------|------------|-----------|---------------------|----------------|------------|-----------|---------------------|----------------|------------|--|
| | Principal Repayment | Gross Interest | Total Flow | | Principal Repayment | Gross Interest | Total Flow | | Principal Repayment | Gross Interest | Total Flow | | Principal Repayment | Gross Interest | Total Flow | | Principal Repayment | Gross Interest | Total Flow | | Principal Repayment | Gross Interest | Total Flow | |
| TOTALS: | 100,000.00 | 4,189.19 | 104,189.19 | | 100,000.00 | 11,968.19 | 111,968.19 | | 100,000.00 | 19,491.01 | 119,491.01 | | 100,000.00 | 21,638.81 | 121,638.81 | | 100,000.00 | 27,689.00 | 127,689.00 | | 100,000.00 | 42,241.18 | 142,241.18 | |
| 29-Jun-06 | | | | | | | | | | | | | | | | | | | | | | | | |
| 16-Aug-06 | 0.00 | 389.73 | 389.73 | 0.00 | 399.73 | 399.73 | 0.00 | 0.00 | 420.40 | 420.40 | 420.40 | 467.73 | 0.00 | 0.00 | 467.73 | 0.00 | 601.07 | 601.07 | 0.00 | 0.00 | 601.07 | 0.00 | 844.40 | |
| 16-Nov-06 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 16-Feb-07 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 16-May-07 | 0.00 | 739.94 | 739.94 | 0.00 | 758.48 | 758.48 | 0.00 | 0.00 | 796.80 | 796.80 | 796.80 | 884.56 | 0.00 | 0.00 | 884.56 | 0.00 | 1,131.78 | 1,131.78 | 0.00 | 0.00 | 1,131.78 | 0.00 | 1,582.96 | |
| 16-Aug-07 | 0.00 | 764.88 | 764.88 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 16-Nov-07 | 100,000.00 | 764.88 | 100,764.88 | 25,718.79 | 784.04 | 26,502.83 | 0.00 | 0.00 | 823.66 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 18-Feb-08 | 0.00 | 0.00 | 0.00 | 0.00 | 5,024.66 | 582.40 | 5,607.06 | 0.00 | 0.00 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 16-May-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,672.57 | 531.20 | 5,203.77 | 0.00 | 0.00 | 805.75 | 805.75 | 894.50 | 0.00 | 0.00 | 894.50 | 0.00 | 1,144.50 | 1,144.50 | 0.00 | 0.00 | 1,144.50 | 0.00 | 1,600.75 | |
| 18-Aug-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,478.63 | 506.37 | 4,985.00 | 0.00 | 0.00 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 17-Nov-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,171.25 | 464.15 | 4,649.15 | 0.00 | 0.00 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 16-Feb-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,979.25 | 438.50 | 4,417.75 | 0.00 | 0.00 | 823.66 | 823.66 | 914.38 | 0.00 | 0.00 | 914.38 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 0.00 | 1,169.93 | 0.00 | 1,636.32 | |
| 18-May-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,679.18 | 394.02 | 4,073.20 | 0.00 | 0.00 | 796.80 | 796.80 | 884.56 | 0.00 | 0.00 | 884.56 | 0.00 | 1,131.78 | 1,131.78 | 0.00 | 0.00 | 1,131.78 | 0.00 | 1,582.96 | |
| 17-Aug-09 | 0.00 | 0.00 | 0.00 | 0.00 | 2,847.34 | 378.45 | 3,225.79 | 8,431.65 | 823.66 | 9,254.99 | 9,346.03 | 9,346.03 | 8,432.51 | 1,169.93 | 9,602.44 | 6,116.52 | 1,599.31 | 7,715.83 | 6,116.52 | 1,599.31 | 7,715.83 | 6,116.52 | 1,599.31 | |
| 16-Nov-09 | 0.00 | 0.00 | 0.00 | 0.00 | 2,788.49 | 356.13 | 3,144.62 | 5,621.51 | 754.21 | 6,375.72 | 5,621.49 | 6,458.77 | 5,621.44 | 5,355.90 | 6,361.41 | 5,355.90 | 1,005.51 | 6,361.41 | 5,355.90 | 1,005.51 | 6,361.41 | 5,355.90 | 1,005.51 | |
| 16-Feb-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,656.77 | 334.26 | 2,991.03 | 5,355.97 | 707.91 | 6,063.88 | 5,355.96 | 6,141.84 | 5,355.90 | 4,926.22 | 6,141.84 | 5,355.90 | 1,005.51 | 6,361.41 | 5,355.90 | 1,005.51 | 6,361.41 | 5,355.90 | 1,005.51 | |
| 17-May-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,443.63 | 303.21 | 2,746.84 | 4,926.29 | 642.15 | 5,568.44 | 4,926.27 | 712.88 | 5,639.15 | 4,926.22 | 912.11 | 5,838.33 | 4,929.12 | 1,276.46 | 5,838.33 | 4,929.12 | 1,276.46 | 6,205.58 | | |
| 16-Aug-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,287.12 | 294.27 | 2,581.39 | 4,610.77 | 631.22 | 5,233.99 | 4,610.75 | 691.86 | 5,302.61 | 4,610.71 | 885.22 | 5,495.93 | 4,613.42 | 1,238.83 | 5,495.93 | 4,613.42 | 1,238.83 | 5,852.25 | | |
| 16-Nov-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,105.48 | 276.34 | 2,381.82 | 4,244.59 | 585.24 | 4,829.83 | 4,244.58 | 649.70 | 4,894.28 | 4,244.54 | 831.28 | 5,075.82 | 4,247.03 | 1,163.34 | 5,075.82 | 4,247.03 | 1,163.34 | 5,410.37 | | |
| 16-Feb-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,995.85 | 259.83 | 2,255.68 | 4,023.56 | 550.28 | 4,573.84 | 4,023.55 | 610.89 | 4,634.44 | 4,023.51 | 781.62 | 4,805.13 | 4,025.87 | 1,093.85 | 4,805.13 | 4,025.87 | 1,093.85 | 5,119.72 | | |
| 16-May-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,863.10 | 236.22 | 2,099.32 | 3,755.94 | 500.28 | 4,256.22 | 3,755.93 | 555.38 | 4,311.31 | 3,755.89 | 710.59 | 4,466.48 | 3,758.10 | 994.45 | 4,466.48 | 3,758.10 | 994.45 | 4,752.55 | | |
| 16-Aug-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,819.05 | 229.58 | 2,048.63 | 3,667.14 | 486.20 | 4,153.34 | 3,667.13 | 539.76 | 4,206.89 | 3,667.09 | 690.60 | 4,357.69 | 3,668.25 | 966.48 | 4,357.69 | 3,668.25 | 966.48 | 4,635.73 | | |
| 16-Nov-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,720.04 | 215.32 | 1,935.36 | 3,467.54 | 456.00 | 3,923.54 | 3,467.53 | 506.22 | 3,973.75 | 3,467.50 | 647.70 | 4,115.20 | 3,469.54 | 906.44 | 4,115.20 | 3,469.54 | 906.44 | 4,375.98 | | |
| 16-Feb-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,655.05 | 201.83 | 1,856.88 | 3,336.53 | 427.44 | 3,763.97 | 3,336.51 | 474.52 | 3,811.03 | 3,336.48 | 607.13 | 3,943.61 | 3,336.48 | 849.66 | 3,943.61 | 3,336.48 | 849.66 | 2,745.94 | | |
| 16-May-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,543.98 | 184.75 | 1,728.73 | 3,112.62 | 391.26 | 3,503.88 | 3,112.61 | 434.36 | 3,546.97 | 3,112.58 | 555.75 | 3,668.33 | 0.00 | 800.84 | 3,668.33 | 0.00 | 800.84 | 3,668.33 | | |
| 16-Aug-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,459.33 | 176.75 | 1,636.08 | 2,941.96 | 374.32 | 3,316.28 | 2,941.95 | 415.55 | 3,357.50 | 2,941.92 | 531.68 | 3,473.60 | 0.00 | 818.63 | 3,473.60 | 0.00 | 818.63 | 3,473.60 | | |
| 16-Nov-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,357.55 | 165.31 | 1,522.86 | 2,736.79 | 350.09 | 3,086.88 | 2,736.78 | 388.65 | 3,125.43 | 2,736.75 | 497.26 | 3,234.01 | 0.00 | 818.63 | 3,234.01 | 0.00 | 818.63 | 3,234.01 | | |
| 18-Feb-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,306.39 | 154.66 | 1,461.05 | 2,633.64 | 327.55 | 2,961.19 | 2,633.63 | 363.62 | 2,997.25 | 2,633.60 | 465.25 | 3,098.85 | 0.00 | 818.63 | 3,098.85 | 0.00 | 818.63 | 3,098.85 | | |
| 16-May-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,209.83 | 139.71 | 1,349.54 | 2,438.97 | 295.88 | 2,734.85 | 2,438.96 | 328.47 | 2,767.43 | 2,438.94 | 420.27 | 2,859.21 | 0.00 | 791.94 | 2,859.21 | 0.00 | 791.94 | 2,859.21 | | |
| 16-Aug-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,171.86 | 134.93 | 1,306.79 | 2,362.44 | 285.77 | 2,648.21 | 2,362.43 | 317.24 | 2,679.67 | 2,362.41 | 405.90 | 2,768.31 | 0.00 | 818.63 | 2,768.31 | 0.00 | 818.63 | 2,768.31 | | |
| 18-Nov-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,104.30 | 125.75 | 1,230.05 | 2,226.24 | 266.31 | 2,492.55 | 2,226.23 | 295.64 | 2,521.87 | 2,226.21 | 378.26 | 2,604.47 | 0.00 | 818.63 | 2,604.47 | 0.00 | 818.63 | 2,604.47 | | |
| 17-Feb-14 | 0.00 | 0.00 | 0.00 | 0.00 | 1,047.36 | 117.09 | 1,164.45 | 2,111.45 | 247.97 | 2,359.42 | 2,111.45 | 275.28 | 2,386.73 | 2,111.43 | 352.22 | 2,463.65 | 0.00 | 818.63 | 2,463.65 | 0.00 | 818.63 | 2,463.65 | | |
| 16-May-14 | 0.00 | 0.00 | 0.00 | 0.00 | 978.58 | 105.33 | 1,083.91 | 1,972.80 | 223.06 | 2,195.86 | 1,972.79 | 247.63 | 2,220.42 | 1,972.77 | 316.84 | 2,289.61 | 0.00 | 791.94 | 2,289.61 | 0.00 | 791.94 | 2,289.61 | | |
| 18-Aug-14 | 0.00 | 0.00 | 0.00 | 0.00 | 932.77 | 101.20 | 1,033.97 | 1,880.44 | 214.33 | 2,094.77 | 1,880.44 | 237.94 | 2,118.38 | 1,880.42 | 304.44 | 2,184.86 | 0.00 | 818.63 | 2,184.86 | 0.00 | 818.63 | 2,184.86 | | |
| 17-Nov-14 | 0.00 | 0.00 | 0.00 | 0.00 | 861.05 | 93.89 | 954.94 | 1,735.86 | 198.84 | 1,934.70 | 1,735.85 | 220.74 | 1,956.59 | 1,735.84 | 282.44 | 2,018.28 | 0.00 | 818.63 | 2,018.28 | 0.00 | 818.63 | 2,018.28 | | |
| 16-Feb-15 | 0.00 | 0.00 | 0.00 | 0.00 | 813.51 | 87.14 | 900.65 | 1,640.00 | 184.55 | 1,824.55 | 1,640.00 | 204.87 | 1,844.87 | 1,639.98 | 262.13 | 1,902.11 | 0.00 | 818.63 | 1,902.11 | 0.00 | 818.63 | 1,902.11 | | |
| 18-May-15 | 0.00 | 0.00 | 0.00 | 0.00 | 10,300.59 | 78.13 | 10,378.72 | 20,765.62 | 165.46 | 20,931.08 | 20,765.53 | 183.68 | 20,949.21 | 20,765.36 | 235.02 | 21,000.38 | 50,028.90 | 791.94 | 21,000.38 | 50,028.90 | 791.94 | 50,820.84 | | |

Flows for every bond without withholding for the holder

(Amounts in EUR)

CPR = 12%

| Payment Date | Series A1 Bonds | | | | Series A2 Bonds | | | | Series B Bonds | | | | Series C Bonds | | | | Series D Bonds | | | | Series E Bonds | | | |
|--------------|---------------------|----------------|------------|------------|---------------------|----------------|------------|------------|---------------------|----------------|------------|------------|---------------------|----------------|------------|------------|---------------------|----------------|------------|------------|---------------------|----------------|------------|-----------|
| | Principal Repayment | Gross Interest | Total Flow | Total | Principal Repayment | Gross Interest | Total Flow | Total | Principal Repayment | Gross Interest | Total Flow | Total | Principal Repayment | Gross Interest | Total Flow | Total | Principal Repayment | Gross Interest | Total Flow | Total | Principal Repayment | Gross Interest | Total Flow | Total |
| TOTAL S: | 100,000.00 | 4,189.19 | 104,189.19 | 100,000.00 | 100,000.00 | 11,187.88 | 111,187.88 | 100,000.00 | 100,000.00 | 18,114.95 | 118,114.95 | 100,000.00 | 100,000.00 | 20,111.19 | 120,111.19 | 100,000.00 | 100,000.00 | 25,734.41 | 125,734.41 | 100,000.00 | 39,566.65 | 139,566.65 | 100,000.00 | 39,566.65 |
| 29-Jun-06 | | | | | | | | | | | | | | | | | | | | | | | | |
| 16-Aug-06 | 0.00 | 389.73 | 389.73 | 0.00 | 0.00 | 399.73 | 399.73 | 0.00 | 0.00 | 420.40 | 420.40 | 0.00 | 0.00 | 0.00 | 467.73 | 467.73 | 0.00 | 0.00 | 601.07 | 601.07 | 0.00 | 844.40 | 844.40 | |
| 16-Nov-06 | 0.00 | 764.88 | 764.88 | 0.00 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Feb-07 | 0.00 | 764.88 | 764.88 | 0.00 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-May-07 | 0.00 | 739.94 | 739.94 | 0.00 | 0.00 | 758.48 | 758.48 | 0.00 | 0.00 | 796.80 | 796.80 | 0.00 | 0.00 | 0.00 | 884.56 | 884.56 | 0.00 | 0.00 | 1,131.78 | 1,131.78 | 0.00 | 1,582.96 | 1,582.96 | |
| 16-Aug-07 | 0.00 | 764.88 | 764.88 | 0.00 | 0.00 | 784.04 | 784.04 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Nov-07 | 100,000.00 | 764.88 | 100,764.88 | 28,199.04 | 784.04 | 28,983.08 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | | |
| 18-Feb-08 | 0.00 | 0.00 | 0.00 | 0.00 | 5,301.41 | 562.95 | 5,864.36 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-May-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,897.15 | 510.05 | 5,407.20 | 0.00 | 0.00 | 805.75 | 805.75 | 0.00 | 0.00 | 0.00 | 894.50 | 894.50 | 0.00 | 0.00 | 1,144.50 | 1,144.50 | 0.00 | 1,600.75 | 1,600.75 | |
| 18-Aug-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,667.92 | 482.99 | 5,150.91 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 17-Nov-08 | 0.00 | 0.00 | 0.00 | 0.00 | 4,331.70 | 446.39 | 4,778.09 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 16-Feb-09 | 0.00 | 0.00 | 0.00 | 0.00 | 4,097.15 | 412.43 | 4,509.58 | 0.00 | 0.00 | 823.66 | 823.66 | 0.00 | 0.00 | 0.00 | 914.38 | 914.38 | 0.00 | 0.00 | 1,169.93 | 1,169.93 | 0.00 | 1,636.32 | 1,636.32 | |
| 18-May-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,087.99 | 367.90 | 3,455.89 | 8,439.46 | 8,439.46 | 796.80 | 9,236.26 | 8,439.77 | 8,439.77 | 8,440.64 | 9,324.33 | 8,440.64 | 8,440.64 | 9,572.42 | 9,572.42 | 6,535.82 | 1,553.66 | 8,089.48 | | |
| 17-Aug-09 | 0.00 | 0.00 | 0.00 | 0.00 | 3,085.81 | 356.09 | 3,441.90 | 6,220.90 | 6,220.90 | 754.14 | 6,975.04 | 6,220.88 | 6,220.88 | 6,220.82 | 7,058.09 | 6,220.82 | 6,220.82 | 7,292.00 | 7,292.00 | 6,224.48 | 1,499.09 | 7,723.57 | | |
| 16-Nov-09 | 0.00 | 0.00 | 0.00 | 0.00 | 2,825.99 | 331.90 | 3,157.89 | 5,697.12 | 5,697.12 | 702.90 | 6,400.02 | 5,697.10 | 5,697.10 | 5,697.04 | 6,477.42 | 5,697.04 | 5,697.04 | 6,995.44 | 6,995.44 | 5,700.39 | 1,397.23 | 7,097.62 | | |
| 16-Feb-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,673.77 | 309.74 | 2,983.51 | 5,390.24 | 5,390.22 | 655.98 | 6,046.22 | 5,390.22 | 5,390.17 | 5,390.17 | 6,118.45 | 5,390.17 | 5,390.17 | 6,321.92 | 6,321.92 | 5,393.34 | 1,303.96 | 6,697.30 | | |
| 17-May-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,442.78 | 279.36 | 2,722.14 | 4,924.56 | 4,924.55 | 591.64 | 5,516.20 | 4,924.55 | 4,924.50 | 4,924.50 | 656.80 | 5,516.35 | 4,924.50 | 4,924.50 | 5,764.86 | 5,764.86 | 4,927.39 | 1,176.06 | 6,103.45 | |
| 16-Aug-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,280.18 | 269.63 | 2,549.81 | 4,596.78 | 4,596.76 | 571.02 | 5,167.80 | 4,596.76 | 4,596.72 | 4,596.72 | 633.92 | 5,230.68 | 4,596.72 | 4,596.72 | 5,407.80 | 5,407.80 | 4,599.42 | 1,135.08 | 5,734.50 | |
| 16-Nov-10 | 0.00 | 0.00 | 0.00 | 0.00 | 2,090.65 | 251.75 | 2,342.40 | 4,214.68 | 4,214.68 | 533.16 | 4,747.84 | 4,214.67 | 4,214.63 | 4,214.63 | 591.88 | 4,806.55 | 4,214.63 | 4,214.63 | 4,971.93 | 4,971.93 | 4,217.10 | 1,059.82 | 5,276.92 | |
| 16-Feb-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,969.09 | 235.36 | 2,204.45 | 3,969.61 | 3,969.61 | 498.45 | 4,468.06 | 3,969.60 | 3,969.56 | 3,969.56 | 553.35 | 4,522.95 | 3,969.56 | 3,969.56 | 4,677.55 | 4,677.55 | 3,971.90 | 990.81 | 4,962.71 | |
| 16-May-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,823.81 | 212.75 | 2,036.56 | 3,676.74 | 3,676.74 | 450.56 | 4,127.30 | 3,676.73 | 3,676.70 | 3,676.70 | 500.19 | 4,176.92 | 3,676.70 | 3,676.70 | 4,316.68 | 4,316.68 | 3,678.86 | 895.63 | 4,574.49 | |
| 16-Aug-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,769.89 | 205.62 | 1,975.51 | 3,568.04 | 3,568.04 | 435.47 | 4,003.51 | 3,568.02 | 3,568.02 | 3,567.99 | 4,051.45 | 3,567.99 | 3,567.99 | 4,186.52 | 4,186.52 | 2,871.38 | 865.62 | 3,737.00 | | |
| 16-Nov-11 | 0.00 | 0.00 | 0.00 | 0.00 | 1,662.87 | 191.74 | 1,854.61 | 3,352.29 | 3,352.29 | 406.08 | 3,758.37 | 3,352.27 | 3,352.24 | 3,352.24 | 450.80 | 3,803.07 | 3,352.24 | 3,352.24 | 3,929.03 | 3,929.03 | 0.00 | 0.00 | 0.00 | |
| 16-Feb-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,587.50 | 178.71 | 1,766.21 | 3,200.34 | 3,200.34 | 378.47 | 3,578.81 | 3,200.33 | 3,200.33 | 3,200.33 | 420.15 | 3,620.48 | 3,200.30 | 3,200.30 | 3,737.87 | 3,737.87 | 0.00 | 0.00 | 0.00 | |
| 16-May-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,470.41 | 162.64 | 1,633.05 | 2,964.30 | 2,964.30 | 344.45 | 3,308.75 | 2,964.29 | 2,964.26 | 2,964.26 | 382.39 | 3,346.68 | 2,964.26 | 2,964.26 | 3,453.52 | 3,453.52 | 0.00 | 0.00 | 0.00 | |
| 16-Aug-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,383.19 | 154.73 | 1,537.92 | 2,788.47 | 2,788.47 | 327.69 | 3,116.16 | 2,788.46 | 2,788.44 | 2,788.44 | 363.78 | 3,152.24 | 2,788.44 | 2,788.44 | 3,253.89 | 3,253.89 | 0.00 | 0.00 | 0.00 | |
| 16-Nov-12 | 0.00 | 0.00 | 0.00 | 0.00 | 1,279.92 | 143.89 | 1,423.81 | 2,580.28 | 2,580.28 | 304.72 | 2,885.00 | 2,580.27 | 2,580.24 | 2,580.24 | 338.29 | 2,918.56 | 2,580.24 | 2,580.24 | 3,013.07 | 3,013.07 | 0.00 | 0.00 | 0.00 | |
| 18-Feb-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,221.90 | 133.85 | 1,355.75 | 2,463.31 | 2,463.31 | 283.47 | 2,746.78 | 2,463.30 | 2,463.28 | 2,463.28 | 314.69 | 2,777.99 | 2,463.28 | 2,463.28 | 2,865.92 | 2,865.92 | 0.00 | 0.00 | 0.00 | |
| 16-May-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,123.11 | 120.22 | 1,243.33 | 2,264.15 | 2,264.15 | 254.60 | 2,518.75 | 2,264.14 | 2,264.12 | 2,264.12 | 282.64 | 2,546.78 | 2,264.12 | 2,264.12 | 2,625.75 | 2,625.75 | 0.00 | 0.00 | 0.00 | |
| 16-Aug-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,081.43 | 115.46 | 1,196.89 | 2,180.13 | 2,180.13 | 244.53 | 2,424.66 | 2,180.12 | 2,180.10 | 2,180.10 | 271.47 | 2,451.59 | 2,180.10 | 2,180.10 | 2,527.43 | 2,527.43 | 0.00 | 0.00 | 0.00 | |
| 18-Nov-13 | 0.00 | 0.00 | 0.00 | 0.00 | 1,012.39 | 106.99 | 1,119.38 | 2,040.94 | 2,040.94 | 226.58 | 2,267.52 | 2,040.93 | 2,040.91 | 2,040.91 | 251.53 | 2,292.46 | 2,040.91 | 2,040.91 | 2,382.74 | 2,382.74 | 0.00 | 0.00 | 0.00 | |
| 17-Feb-14 | 0.00 | 0.00 | 0.00 | 0.00 | 953.37 | 99.05 | 1,052.42 | 1,921.96 | 1,921.96 | 209.77 | 2,131.73 | 1,921.96 | 1,921.94 | 1,921.94 | 232.87 | 2,154.83 | 1,921.94 | 1,921.94 | 2,219.89 | 2,219.89 | 0.00 | 0.00 | 0.00 | |
| 16-May-14 | 0.00 | 0.00 | 0.00 | 0.00 | 883.34 | 88.59 | 971.93 | 1,780.78 | 1,780.78 | 187.61 | 1,968.39 | 1,780.77 | 1,780.75 | 1,780.75 | 208.28 | 1,989.05 | 1,780.75 | 1,780.75 | 2,047.23 | 2,047.23 | 0.00 | 0.00 | 0.00 | |
| 18-Aug-14 | 0.00 | 0.00 | 0.00 | 0.00 | 837.67 | 84.65 | 922.32 | 1,688.71 | 1,688.71 | 179.27 | 1,867.98 | 1,688.70 | 1,688.69 | 1,688.69 | 199.01 | 1,887.71 | 1,688.69 | 1,688.69 | 1,943.32 | 1,943.32 | 0.00 | 0.00 | 0.00 | |
| 17-Nov-14 | 0.00 | 0.00 | 0.00 | 0.00 | 9,958.57 | 78.08 | 10,036.65 | 20,076.21 | 20,076.21 | 165.36 | 20,241.57 | 20,076.16 | 20,076.16 | 20,076.16 | 183.57 | 20,259.73 | 20,075.96 | 20,075.96 | 234.88 | 234.88 | 50,028.91 | 818.63 | 50,847.54 | |

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 April 24, 2006, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, 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 assigned by BANKINTER derived from mortgage and non-mortgage loans granted by BANKINTER to enterprises domiciled in Spain be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

Resolution to assign the Loans:

At meeting held on June 14, 2006, the Board of Directors of BANKINTER resolved that the assignment of loans with real estate mortgage security by means of the issue of pass-through certificates and the assignment of non-mortgage loans to be pooled in the Fund 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 June 22, 2006.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company and BANKINTER, Originator of the Loans, shall proceed to execute on June 26, 2006 a public deed whereby the Fund will be established, BANKINTER will assign to the Fund Non-Mortgage Loans and Mortgage Loans, the latter by means of the issue of 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 contents of 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 June 26, 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 June 27, 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 during the Subscription Period established in the preceding section, with DEUTSCHE BANK or IXIS CIB, as Underwriters and Placement Agents, or BANKINTER, FORTIS BANK, MERRILL LYNCH or SCH, as Placement Agents, 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 Agents 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 Agents may nevertheless give priority to proposals of those of their customers as they shall deem fit or appropriate, or indeed subscribe for their own account, for themselves or for companies in their group, for all or part of each of the Bond Series.

Each Underwriter and Placement Agent agrees to subscribe in its 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 or Placement Agent, by 1pm (CET time) on June 29, 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 listing 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 so listed 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. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be.

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 to 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 and the other 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 for, as the case may be, on its own account, deducting in both cases each of their respective underwriting and/or placement fees.
- (ii) Handing to the Management Company Bond Issue placement dissemination control information based on the information provided in that connection by the Underwriters and Placement Agents and the other Placement Agents, using for that purpose the form duly established by the CNMV.
- (iii) On each Bond Payment Date, 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 short-term, unsecured and unsubordinated debt of BANKINTER 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, put in place any of the following: (i) revoke the appointment of BANKINTER as Paying Agent and thereupon designate another institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1 respectively in Moody's and S&P's rating scales, 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 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.

6 EXPENSE OF THE OFFERING AND 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 | 352,813.90 |
| • 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 | 49,880.00 |
| • Underwriting and/or placement fees * | 1,249,200.00 |
| • Translation, printing and other expenses | 57,589.15 |
| Total expenses | 1,827,516.05 |

* In the event that the fee percentages applicable should be the highest percentage within the ranges set for each Series under section 4.1 of this Securities Note.

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 the tax implications thereof.

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 have audited the selected loans on the terms set forth in section 2.2 of the Building Block and have 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 and of the Loans, the Pass-Through Certificates and the Mortgage Loans given in section 2.2.8 of the Building Block, and of the remaining information on BANKINTER and the Loans 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 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 June 20, 2006, Moody's and S&P assigned the following provisional ratings to each Bond Series, and expect 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 | Baa2 | BBB |
| Series D | Ba3 | BB |
| Series E | C | 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 assignment of Non-Mortgage Loans and issue of Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

Rating scales used by Fitch Ratings Limited ("Fitch"), Moody's and S&P.

The following are the rating scales for long-term debt used by the agencies:

| Fitch | Ratings given by Moody's | S&P | Meaning |
|-------|-----------------------------|-----|---|
| AAA | Aaa | AAA | Extremely strong capacity for interest payment and principal repayment. For Moody's securities that are rated Aaa are judged to be of the best quality and carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, they are unlikely to impair the fundamentally strong position of such securities. |

| Fitch | Ratings given by Moody's | S&P | Meaning |
|--------------|-------------------------------------|----------------|--|
| AA | Aa | AA | <p>Very strong capacity for interest payment and principal repayment.</p> <p>For Moody's securities that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade securities. They are rated lower because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present that make the long-term risks appear somewhat larger than in Aaa securities.</p> |
| A | A | A | <p>Strong capacity for interest payment and principal repayment. Factors giving security are considered adequate, but may be susceptible to impairment in the future.</p> <p>For Moody's securities that are rated A possess many favourable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present that suggest a susceptibility to impairment some time in the future.</p> |
| BBB | Baa | BBB | <p>Interest and principal payment protection may not be so large; payment capacity is considered adequate. Adverse business conditions may result in inadequate capacity to make interest and principal payments.</p> <p>For Moody's securities that are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.</p> |
| BB | Ba | BB | <p>Speculative grade. Their future cannot be considered as assured. Protection of interest and principal payments is very moderate.</p> <p>For Moody's securities that are rated Ba are judged to have speculative elements; their future is not well assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterises bonds in this class.</p> |
| B | B | B | <p>Assurance of interest or principal payments may be small.</p> <p>Highly vulnerable to adverse business conditions.</p> <p>For Moody's securities that are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or maintenance of other terms of the contract over any long period of time may be small.</p> |
| CCC | Caa | CCC | <p>Vulnerable to default. Continuity of payments dependent on favourable financial, economic and business conditions.</p> <p>For Moody's securities that are rated Caa are of poor standing. Such securities may be in default or there may be present elements of danger with respect to principal or interest.</p> |
| CC | Ca | CC | <p>Highly speculative.</p> <p>For Moody's securities that are rated Ca represent obligations that are speculative in a high degree. Such issues are often in default or have other marked shortcomings.</p> |

| Fitch | Ratings given by Moody's | S&P | Meaning |
|--------------|-------------------------------------|----------------|---|
| C | C | C | Denotes actual or imminent default. For Moody's securities that are rated C are the lowest rated class of securities, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing. |
| D | | D | Speculative securities. Their value might not exceed the repayment value in the event of liquidation or reorganisation of the sector. |

- Fitch appends (+) or (-) to categories from AA to B denoting relative status within each category.
- Moody's applies numerical modifiers 1, 2, and 3 in each generic rating category from Aa to Caa. Modifier 1 indicates that the security ranks in the higher end of each generic rating category; modifier 2 indicates a mid-range ranking; and modifier 3 indicates a ranking in the lower end of each generic category.
- Standard & Poor's appends (+) or (-) to categories from AA to CCC denoting relative standing within each category

The following are the rating scales for short-term debt used:

| Fitch | Ratings given by Moody's | S&P | Meaning |
|--------------|-------------------------------------|----------------|--|
| F-1 | P-1 | A-1 | The highest rating, indicating strongest capacity for timely payments. In the case of Fitch and S&P, the + sign may be appended if capacity is extremely strong. For Moody's issuers rated P-1 have a superior ability for timely repayment of less than 1-year debt obligations. P-1 issuer repayment ability will often be evidenced by many of the following characteristics: 1) leading market position in well-established industries; 2) high rates of return on funds employed; 3) conservative capitalisation structure with moderate reliance on debt market and ample asset protection; 4) broad margins in earnings coverage of fixed financial charges and high internal cash generation; and 5) well-established access to a range of financial markets and assured sources of alternate liquidity. |
| F-2 | P-2 | A-2 | Capacity for timely debt servicing is satisfactory, although margin of safety not as great as in the previous case. For Moody's issuers rated P-2 have a strong ability for timely repayment of less than 1-year debt obligations. This will normally be evidenced by many of the characteristics cited in the preceding category but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalisation characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained. |
| F-3 | P-3 | A-3 | Capacity for payment is satisfactory, but more vulnerable than the previous cases to adverse changing circumstances. For Moody's issuers rated P-3 have an acceptable ability for timely repayment of less than one-year debt obligations. The effect of industry characteristics and market composition for the issuer may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and may require relatively high financial leverage. |

| Ratings given by | | | Meaning |
|------------------|-----------|-----|---|
| Fitch | Moody's | S&P | |
| B | Not Prime | B | Normally implies an adequate payment capacity but adverse circumstances would seriously impair debt servicing capacity. For Moody's this means that these issuers do not fall within any of the above rating categories. |
| C | --- | C | This rating is assigned to short-term debt with a doubtful payment capacity. |
| D | --- | D | Debt rated D is in default. This category is used when interest or principal payment is not made on the date due, even if the applicable grace period has not expired. |

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 ratings take into account the structure of the Bond Issue, the legal aspects thereof and of the issuing Fund, the characteristics of the 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 forthwith 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 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.

ASSET-BACKED SECURITIES NOTE 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 with the Loans which BANKINTER shall assign to the Fund upon being established and their total outstanding principal or capital shall be equal to or slightly above EUR seven hundred and eighty-five million four hundred thousand (785,400,000.00), the face value amount of 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 accurately 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 Loans 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 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 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 and 3.4.4 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 financial 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 credit rights owned by BANKINTER derived from Loans granted by BANKINTER to non-financial enterprises (legal persons), mostly small and medium-sized enterprises ("SMEs") -in accordance with the requirements established by the European Commission Recommendation of May 6, 2003 replacing the Recommendation of April 3, 1996), and/or based on internal policies established by BANKINTER- domiciled in Spain.

The portfolio of selected loans from which the Loans to be assigned to the Fund upon being established will be taken comprises 5,186 loans, the outstanding principal of which as of May 25, 2006 amounted to EUR 878,484,666.25 and the overdue principal amounted to EUR 469,735.60.

Audit of the assets securitised through the Fund.

The most significant characteristics of the selected loans have been audited by PRICEWATERHOUSE COOPERS.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of 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 transactions and specifically regarding: nature of the loan and the obligor, title, identification of the obligor, loan transfer, SME accreditation, loan origination date, loan maturity date, initial loan amount, current loan balance (outstanding principal), reference rate or benchmark index, interest rate spread, interest rate applied, arrears in payment, insolvency status, and additionally for loans with mortgage security, mortgage loan origination, mortgage security, address of the mortgaged property or properties and appraisal value. Loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BANKINTER.

The audit results shall be set out in a report prepared by PRICEWATERHOUSECOOPERS, which is one of the documents on display as determined in section 10 of the Registration Document.

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) Information as to distribution of the obligors depending on whether they are SMEs

| Loan portfolio as of 25.05.2006 Classification by type of Obligor | | | | |
|--|--------------|---------------|-----------------------|---------------|
| Type of obligor | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| SME | 4,984 | 96.10 | 798,172,609.79 | 90.86 |
| Non- PYME | 202 | 3.90 | 80,312,056.46 | 9.14 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

b) Information as to number and distribution of the obligors of the selected loans.

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected loans as of May 25, 2006.

| Loan portfolio as of 25.05.2006 Classification by Obligor | | | | |
|--|--------------|---------------|-----------------------|---------------|
| | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Obligor 1 | 1 | 0.0193 | 5,721,456.48 | 0.6513 |
| Obligor 2 | 1 | 0.0193 | 5,022,152.08 | 0.5717 |
| Obligor 3 | 1 | 0.0193 | 4,041,563.73 | 0.4601 |
| Obligor 4 | 1 | 0.0193 | 4,000,000.00 | 0.4553 |
| Obligor 5 | 1 | 0.0193 | 3,772,000.00 | 0.4294 |
| Obligor 6 | 2 | 0.0386 | 3,606,248.30 | 0.4105 |
| Obligor 7 | 1 | 0.0193 | 3,408,292.13 | 0.3880 |
| Obligor 8 | 1 | 0.0193 | 3,339,667.31 | 0.3802 |
| Obligor 9 | 1 | 0.0193 | 3,235,223.54 | 0.3683 |
| Obligor 10 | 1 | 0.0193 | 3,206,801.08 | 0.3650 |
| Rest: 4,680 Obligators | 5,175 | 99.787 | 839,131,261.60 | 95.520 |
| Total 4,690 | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

The outstanding principal of each obligor is the result of the sum of the outstanding principal of each of the selected loans granted to a same obligor.

c) Information on the obligors' economic activity by economic activity sectors in accordance with the Spanish Business Activity Code (CNAE).

The following table shows the distribution of the selected loans based on the corporate obligors' CNAE activity.

| Loan portfolio as of 25.05.2006 | | | | | |
|---|--|--------------|---------------|-----------------------|---------------|
| Classification by economic activity sectors | | | | | |
| CNAE | | Loans | | Outstanding principal | |
| | | | % | (EUR) | % |
| AA | Agriculture, Stockbreeding, Hunting and Forestry. | 2 | 0.04 | 664,809.80 | 0.08 |
| BB | Fishing. | 1 | 0.02 | 50,750.79 | 0.01 |
| CA | Extracting energy products | 57 | 1.10 | 15,094,962.39 | 1.72 |
| CB | Extracting other minerals except Energy Products. | 27 | 0.52 | 4,957,293.35 | 0.56 |
| DA | Food products, drinks and tobacco industry. | 105 | 2.02 | 18,627,259.89 | 2.12 |
| DB | Textile and textile manufacture industry. | 40 | 0.77 | 4,631,806.12 | 0.53 |
| DC | Leather and footwear industry. | 18 | 0.35 | 1,823,634.32 | 0.21 |
| DD | Wood and cork industry. | 64 | 1.23 | 7,599,929.34 | 0.87 |
| DE | Paper industry; publishing, graphic arts and reproduction of recorded media. | 114 | 2.20 | 12,683,203.60 | 1.44 |
| DF | Oil Refinery and Nuclear Fuel Processing. | 2 | 0.04 | 299,399.92 | 0.03 |
| DG | Chemical industry. | 31 | 0.60 | 4,261,308.99 | 0.49 |
| DH | Manufacture of rubber products and plastic materials industry. | 31 | 0.60 | 3,880,109.00 | 0.44 |
| DI | Other non-metallic mineral products industries. | 64 | 1.23 | 15,273,385.17 | 1.74 |
| DJ | Metallurgy and Manufacture of Metallic Products. | 143 | 2.76 | 26,877,385.37 | 3.06 |
| DK | Building of machinery and mechanical equipment industry. | 60 | 1.16 | 9,706,363.23 | 1.10 |
| DL | Electrical, Electronic and Optical Material and Equipment Industry. | 73 | 1.41 | 16,855,260.32 | 1.92 |
| DM | Manufacture of Transport Material. | 14 | 0.27 | 2,673,120.58 | 0.30 |
| DN | Other manufacturing industries. | 77 | 1.48 | 10,261,510.21 | 1.17 |
| EE | Production and distribution of electric power, gas and water. | 10 | 0.19 | 3,033,507.54 | 0.35 |
| FF | Building. | 494 | 9.53 | 83,336,237.58 | 9.49 |
| GG | Retail trade; repair of motor vehicles, motorcycles and mopeds and personal and household items. | 1,003 | 19.34 | 157,965,634.76 | 17.98 |
| HH | Catering trade. | 200 | 3.86 | 26,731,739.73 | 3.04 |
| II | Transport, Storage and Communications. | 202 | 3.90 | 25,531,987.81 | 2.91 |
| KK | Real Estate and Rental Activities; Business Services. | 1,795 | 34.61 | 341,127,753.38 | 38.83 |
| LL | Government, defence and social security. | 3 | 0.06 | 237,748.59 | 0.03 |
| MM | Education. | 57 | 1.10 | 4,422,663.41 | 0.50 |
| NN | Health and Veterinary Activities, Social Services. | 168 | 3.24 | 27,225,487.96 | 3.10 |
| OO | Other social activities and services provided to the Community; Personal Services. | 331 | 6.38 | 52,650,413.10 | 5.99 |
| Total | | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

d) Information regarding selected loan collaterals.

The following table gives the distribution of the selected loans having regard to their collaterals.

| Loan portfolio as of 25.05.2006 Classification by type of security | | | | |
|--|--------------|---------------|-----------------------|---------------|
| | Loans | | Outstanding Principal | |
| | | % | (EUR) | % |
| Loans with real estate mortgage security | 3,301 | 63.65 | 715,723,318.05 | 81.47 |
| Loans with guarantee * | 53 | 1.02 | 6,188,056.35 | 0.70 |
| Loans with third-party personal guarantee or with no special guarantee | 1,775 | 34.23 | 152,988,192.94 | 17.42 |
| Loans secured with pledges | 57 | 1.10 | 3,585,098.91 | 0.41 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

* Includes Mutual Guarantee Companies guarantee

e) Information regarding selected loan origination date.

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

| Loan portfolio as of 25.05.2006 Classification by loan origination date | | | | |
|--|---------------|---------------|-----------------------------|---------------|
| Date interval | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| 01/01/1997 to 30/06/1997 | 17 | 0.33 | 1,425,651.59 | 0.16 |
| 01/07/1997 to 31/12/1997 | 20 | 0.39 | 1,152,157.85 | 0.13 |
| 01/01/1998 to 30/06/1998 | 36 | 0.69 | 3,762,128.26 | 0.43 |
| 01/07/1998 to 31/12/1998 | 33 | 0.64 | 3,908,178.89 | 0.44 |
| 01/01/1999 to 30/06/1999 | 55 | 1.06 | 6,088,945.51 | 0.69 |
| 01/07/1999 to 31/12/1999 | 81 | 1.56 | 8,891,263.46 | 1.01 |
| 01/01/2000 to 30/06/2000 | 97 | 1.87 | 12,434,652.39 | 1.42 |
| 01/07/2000 to 31/12/2000 | 88 | 1.70 | 18,042,169.44 | 2.05 |
| 01/01/2001 to 30/06/2001 | 124 | 2.39 | 15,447,287.68 | 1.76 |
| 01/07/2001 to 31/12/2001 | 119 | 2.29 | 13,405,180.82 | 1.53 |
| 01/01/2002 to 30/06/2002 | 186 | 3.59 | 33,896,269.92 | 3.86 |
| 01/07/2002 to 31/12/2002 | 207 | 3.99 | 31,013,292.58 | 3.53 |
| 01/01/2003 to 30/06/2003 | 353 | 6.81 | 45,267,332.25 | 5.15 |
| 01/07/2003 to 31/12/2003 | 545 | 10.51 | 84,199,517.32 | 9.58 |
| 01/01/2004 to 30/06/2004 | 699 | 13.48 | 96,431,460.81 | 10.98 |
| 01/07/2004 to 31/12/2004 | 744 | 14.35 | 138,139,701.51 | 15.72 |
| 01/01/2005 to 30/06/2005 | 1,093 | 21.08 | 217,977,671.27 | 24.81 |
| 01/07/2005 to 31/12/2005 | 689 | 13.29 | 147,001,804.70 | 16.73 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |
| | 26.00 | Months | Weighted average age | |
| | 112.57 | Months | Maximum age | |
| | 6.77 | Months | Minimum age | |

f) Information regarding selected loan principal.

The following table gives the distribution of the outstanding loan principal as at May 25, 2006 in EUR 100,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

| Loan portfolio as of 25.05.2006 Classification by outstanding principal | | | | |
|--|--------------|---------------|-----------------------|---------------|
| Principal interval (EUR) | Loans | | Outstanding principal | |
| | No. | % | (EUR) | % |
| 0.00 - 99,999.99 | 2,773 | 53.47 | 113,555,914.11 | 12.93 |
| 100,000.00 - 199,999.99 | 1,213 | 23.39 | 172,981,467.12 | 19.69 |
| 200,000.00 - 299,999.99 | 506 | 9.76 | 123,476,895.11 | 14.06 |
| 300,000.00 - 399,999.99 | 215 | 4.15 | 74,409,109.14 | 8.47 |
| 400,000.00 - 499,999.99 | 126 | 2.43 | 55,834,344.95 | 6.36 |
| 500,000.00 - 599,999.99 | 104 | 2.01 | 56,981,251.33 | 6.49 |
| 600,000.00 - 699,999.99 | 60 | 1.16 | 38,701,990.96 | 4.41 |
| 700,000.00 - 799,999.99 | 43 | 0.83 | 31,803,426.70 | 3.62 |
| 800,000.00 - 899,999.99 | 36 | 0.69 | 30,473,085.89 | 3.47 |
| 900,000.00 - 999,999.99 | 23 | 0.44 | 21,559,144.72 | 2.45 |
| 1,000,000.00 - 1,099,999.99 | 10 | 0.19 | 10,408,207.07 | 1.18 |
| 1,100,000.00 - 1,199,999.99 | 10 | 0.19 | 11,529,170.07 | 1.31 |
| 1,200,000.00 - 1,299,999.99 | 11 | 0.21 | 13,467,226.76 | 1.53 |
| 1,300,000.00 - 1,399,999.99 | 10 | 0.19 | 13,421,230.58 | 1.53 |
| 1,400,000.00 - 1,499,999.99 | 3 | 0.06 | 4,348,846.54 | 0.50 |
| 1,500,000.00 - 1,599,999.99 | 3 | 0.06 | 4,637,509.79 | 0.53 |
| 1,600,000.00 - 1,699,999.99 | 8 | 0.15 | 13,097,383.40 | 1.49 |
| 1,700,000.00 - 1,799,999.99 | 4 | 0.08 | 7,002,244.88 | 0.80 |
| 1,800,000.00 - 1,899,999.99 | 3 | 0.06 | 5,543,409.01 | 0.63 |
| 1,900,000.00 - 1,999,999.99 | 3 | 0.06 | 5,758,626.41 | 0.66 |
| 2,000,000.00 - 2,099,999.99 | 2 | 0.04 | 4,104,572.32 | 0.47 |
| 2,100,000.00 - 2,199,999.99 | 1 | 0.02 | 2,250,966.11 | 0.26 |
| 2,200,000.00 - 2,299,999.99 | 2 | 0.04 | 4,720,808.80 | 0.54 |
| 2,300,000.00 - 2,399,999.99 | 1 | 0.02 | 2,438,679.62 | 0.28 |
| 2,400,000.00 - 2,499,999.99 | 1 | 0.02 | 2,500,000.00 | 0.28 |
| 2,500,000.00 - 2,599,999.99 | 2 | 0.04 | 5,241,868.65 | 0.60 |
| 2,600,000.00 - 2,699,999.99 | 1 | 0.02 | 2,990,129.86 | 0.34 |
| 2,900,000.00 - 2,999,999.99 | 2 | 0.04 | 6,000,000.00 | 0.68 |
| 3,000,000.00 - 3,099,999.99 | 2 | 0.04 | 6,442,024.62 | 0.73 |
| 3,200,000.00 - 3,299,999.99 | 1 | 0.02 | 3,339,667.31 | 0.38 |
| 3,300,000.00 - 3,399,999.99 | 1 | 0.02 | 3,408,292.13 | 0.39 |
| 3,500,000.00 - 3,599,999.99 | 1 | 0.02 | 3,500,000.00 | 0.40 |
| 3,700,000.00 - 3,799,999.99 | 1 | 0.02 | 3,772,000.00 | 0.43 |
| 4,000,000.00 - 4,099,999.99 | 2 | 0.04 | 8,041,563.73 | 0.92 |
| 5,100,000.00 - 5,199,999.99 | 1 | 0.02 | 5,022,152.08 | 0.57 |
| 6,000,000.00 - 6,099,999.99 | 1 | 0.02 | 5,721,456.48 | 0.65 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |
| Average principal: | | | 169,395.42 | |
| Minimum principal: | | | 816.79 | |
| Maximum principal: | | | 5,721,456.48 | |

g) Information regarding the nature of the reference rate and benchmark indices applicable for determining the floating interest rates applicable to the selected loans.

The selected loans are floating-rate loans. The following table gives the distribution of the loans according to benchmark indices applicable to the loans for determining the nominal interest rate.

| Loan portfolio as of 25.05.2006 | | | | |
|---|--------------|---------------|-----------------------|---------------|
| Classification by Interest rate benchmark index | | | | |
| Benchmark Index | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| 1-YEAR EURIBOR/MIBOR | 3,412 | 65.79 | 726,205,364.70 | 82.67 |
| 1-MONTH EURIBOR/MIBOR | 1,769 | 34.11 | 151,367,651.91 | 17.23 |
| 3-MONTH EURIBOR/MIBOR | 5 | 0.10 | 911,649.64 | 0.10 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

The EURIBOR and MIBOR indices have been grouped because their respective values are similar and they are financially comparable for the purpose of the financial transaction structure.

h) Information regarding applicable nominal interest rates: selected loan maximum, minimum and average rates.

The following table gives the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at May 25, 2006, and their average, minimum and maximum values.

| Loan portfolio as of 25.05.2006 | | | | | |
|--|--------------|---------------|-----------------------|---------------|------------------|
| Classification by applicable nominal interest rate | | | | | |
| Interest Rate % Interval | Loans | | Outstanding principal | | % Interest Rate* |
| | | % | (EUR) | % | |
| 2.00 - 2.49 | 4 | 0.08 | 5,040,050.44 | 0.57 | 2.40 |
| 2.50 - 2.99 | 1,209 | 23.31 | 280,090,122.84 | 31.88 | 2.81 |
| 3.00 - 3.49 | 1,514 | 29.19 | 317,791,745.48 | 36.17 | 3.24 |
| 3.50 - 3.99 | 1,334 | 25.72 | 232,530,653.37 | 26.47 | 3.70 |
| 4.00 - 4.49 | 474 | 9.14 | 29,343,055.66 | 3.34 | 4.17 |
| 4.50 - 4.99 | 264 | 5.09 | 7,436,505.65 | 0.85 | 4.71 |
| 5.00 - 5.49 | 215 | 4.15 | 3,670,884.84 | 0.42 | 5.19 |
| 5.50 - 5.99 | 93 | 1.79 | 1,405,734.66 | 0.16 | 5.62 |
| 6.00 - 6.49 | 59 | 1.14 | 875,678.93 | 0.10 | 6.16 |
| 6.50 - 6.99 | 15 | 0.29 | 217,791.46 | 0.02 | 6.69 |
| 7.00 - 7.49 | 4 | 0.08 | 71,795.92 | 0.01 | 7.14 |
| 7.50 - 7.99 | 1 | 0.02 | 10,647.00 | 0.00 | 7.50 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 | |
| Weighted average: | | | | | 3.28 % |
| Simple average: | | | | | 3.60 % |
| Minimum: | | | | | 2.19 % |
| Maximum: | | | | | 7.50 % |

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

i) Information regarding minimum nominal interest rates applicable to the selected loans.

None of the selected loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability.

j) Information regarding the maximum nominal interest rates applicable to the selected loans.

None of the selected loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability.

k) Information regarding final maturity date of the selected loans.

The following table gives the distribution of the selected loans according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates. No details are given of years with no contents.

| Loan portfolio as of 25.05.2006 | | | | | | |
|---|--------------|---------------|-----------------------|---------------|----------------|-------------------|
| Classification by final repayment date | | | | | | |
| Final Repayment Year | Loans | | Outstanding principal | | Residual Life* | |
| | | % | (EUR) | % | Months | Date |
| 2006 | 64 | 1.23 | 3,272,410.55 | 0.37 | 5.53 | 9/11/2006 |
| 2007 | 400 | 7.71 | 24,370,716.73 | 2.77 | 13.82 | 20/07/2007 |
| 2008 | 551 | 10.62 | 28,358,165.11 | 3.23 | 25.83 | 19/07/2008 |
| 2009 | 453 | 8.74 | 46,284,633.66 | 5.27 | 37.53 | 10/07/2009 |
| 2010 | 490 | 9.45 | 58,504,011.76 | 6.66 | 48.49 | 9/06/2010 |
| 2011 | 136 | 2.62 | 21,945,819.22 | 2.50 | 62.22 | 1/08/2011 |
| 2012 | 160 | 3.09 | 39,413,628.75 | 4.49 | 72.53 | 10/06/2012 |
| 2013 | 230 | 4.44 | 36,728,807.19 | 4.18 | 85.05 | 26/06/2013 |
| 2014 | 309 | 5.96 | 59,705,083.04 | 6.80 | 98.01 | 25/07/2014 |
| 2015 | 316 | 6.09 | 66,918,447.30 | 7.62 | 108.94 | 23/06/2015 |
| 2016 | 185 | 3.57 | 28,995,323.59 | 3.30 | 121.30 | 3/07/2016 |
| 2017 | 202 | 3.90 | 48,432,332.51 | 5.51 | 133.03 | 25/06/2017 |
| 2018 | 218 | 4.20 | 47,710,773.13 | 5.43 | 146.94 | 22/08/2018 |
| 2019 | 370 | 7.13 | 86,299,701.51 | 9.82 | 158.11 | 28/07/2019 |
| 2020 | 418 | 8.06 | 118,319,988.96 | 13.47 | 168.34 | 4/06/2020 |
| 2021 | 36 | 0.69 | 5,308,499.38 | 0.60 | 180.31 | 3/06/2021 |
| 2022 | 57 | 1.10 | 12,307,460.39 | 1.40 | 193.24 | 2/07/2022 |
| 2023 | 82 | 1.58 | 16,001,182.17 | 1.82 | 206.34 | 4/08/2023 |
| 2024 | 89 | 1.72 | 21,104,426.66 | 2.40 | 217.99 | 24/07/2024 |
| 2025 | 225 | 4.34 | 60,365,176.16 | 6.87 | 228.57 | 11/06/2025 |
| 2026 | 11 | 0.21 | 2,973,045.80 | 0.34 | 240.84 | 19/06/2026 |
| 2027 | 16 | 0.31 | 1,923,956.28 | 0.22 | 252.19 | 31/05/2027 |
| 2028 | 17 | 0.33 | 2,082,230.67 | 0.24 | 265.31 | 3/07/2028 |
| 2029 | 29 | 0.56 | 8,795,709.52 | 1.00 | 278.96 | 23/08/2029 |
| 2030 | 38 | 0.73 | 9,888,758.20 | 1.13 | 288.36 | 5/06/2030 |
| 2031 | 8 | 0.15 | 1,535,980.51 | 0.17 | 301.96 | 24/07/2031 |
| 2032 | 7 | 0.13 | 1,208,215.21 | 0.14 | 315.82 | 18/09/2032 |
| 2033 | 15 | 0.29 | 3,608,448.20 | 0.41 | 326.91 | 21/08/2033 |
| 2034 | 25 | 0.48 | 7,416,226.73 | 0.84 | 339.34 | 4/09/2034 |
| 2035 | 18 | 0.35 | 6,409,925.65 | 0.73 | 347.12 | 28/04/2035 |
| 2036 | 1 | 0.02 | 198,565.36 | 0.02 | 357.65 | 14/03/2036 |
| 2037 | 1 | 0.02 | 283,753.14 | 0.03 | 378.97 | 23/12/2037 |
| 2038 | 2 | 0.04 | 317,122.04 | 0.04 | 385.32 | 4/07/2038 |
| 2039 | 5 | 0.10 | 1,011,134.59 | 0.12 | 398.17 | 30/07/2039 |
| 2040 | 2 | 0.04 | 485,006.58 | 0.06 | 407.04 | 25/04/2040 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 | | |
| Weighted average: | | | | | 132.55 | 11/06/2017 |
| Simple average: | | | | | 103.87 | 19/01/2015 |
| Minimum: | | | | | 4.24 | 1/10/2006 |
| Maximum: | | | | | 407.72 | 16/05/2040 |
| * Residual life to final maturity date (months and date) stands for averages weighted by the outstanding principal of loans with final maturity in the relevant year. | | | | | | |

l) Information regarding geographical distribution by Autonomous Communities.

The following table gives loan distribution by Autonomous Communities according to the location of the corporate obligors' place of business.

| Loan portfolio as of 25.05.2006 | | | | |
|---|--------------|---------------|------------------------------|---------------|
| Classification by Autonomous Communities | | | | |
| | Loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Andalusia | 744 | 14.35 | 115,205,097.69 | 13.11 |
| Aragón | 41 | 0.79 | 9,072,587.84 | 1.03 |
| Asturies | 112 | 2.16 | 12,041,408.21 | 1.37 |
| Balearic Isles | 96 | 1.85 | 14,810,189.07 | 1.69 |
| Canary Islands | 509 | 9.81 | 73,782,534.08 | 8.40 |
| Cantabria | 141 | 2.72 | 16,561,548.56 | 1.89 |
| Catalonia | 552 | 10.64 | 88,307,341.64 | 10.05 |
| Basque Country | 366 | 7.06 | 63,716,492.28 | 7.25 |
| Extremadura | 66 | 1.27 | 13,856,726.54 | 1.58 |
| Galicia | 169 | 3.26 | 21,736,556.37 | 2.47 |
| Castile-León | 209 | 4.03 | 27,123,049.14 | 3.09 |
| Madrid | 1,180 | 22.75 | 262,263,318.83 | 29.85 |
| Castile La Mancha | 163 | 3.14 | 32,161,766.46 | 3.66 |
| Murcia | 121 | 2.33 | 20,435,537.17 | 2.33 |
| Navarre | 21 | 0.40 | 4,832,148.79 | 0.55 |
| La Rioja | 6 | 0.12 | 1,590,694.01 | 0.18 |
| Valencian Community | 690 | 13.31 | 100,987,669.57 | 11.50 |
| Total | 5,186 | 100.00 | 878,484,666.25 | 100.00 |

m) Information regarding delays, if any, in collecting selected loan interest or principal instalments and amount, if any, of the current principal of loans delayed in excess of 30, 60 and 90 days.

The following table gives the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due as at May 25, 2006.

| Arrears in payment of instalments due as of 25.05.2006 | | | | |
|---|--------------|------------------------------|--------------------------|---|
| Day Interval | Loans | Outstanding Principal | Overdue Principal | |
| | | | | % o/ Total Outstanding Principal |
| 1 to 15 days | 177 | 26,114,228.24 | 171,031.09 | 0.0195 |
| 16 to 30 days | 64 | 6,864,310.87 | 65,126.12 | 0.0074 |
| 31 to 60 days | 57 | 7,927,757.21 | 130,808.53 | 0.0149 |
| 61 to 90 days | 27 | 3,924,353.12 | 102,769.86 | 0.0117 |
| Total | 325 | 44,830,649.44 | 469,735.60 | 0.0535 |

In accordance with BANKINTER's representation in section 2.2.8.2.(2) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

n) Loan to value ratio or level of collateralisation.

The selected loans with real estate mortgage security as of May 25, 2006 are 3,301 and their outstanding principal amounts to EUR 715,723,318.05, and the mortgages are all registered as senior mortgages.

The ratio, expressed as a percentage, of the initial outstanding principal as of May 25, 2006 to the appraisal value of the mortgaged properties of the selected mortgage loans was comprised between 0.31% and 99.77%, and the average ratio weighted by the outstanding principal of each mortgage loan is 52.65%.

The following table gives the distribution of the mortgage loans by 5.00% intervals of that ratio.

| Mortgage loan portfolio as of 25.05.2006 | | | | | |
|---|--------------|---------------|------------------------------|---------------|---------------------------|
| Classification by loan to value ratio | | | | | |
| Ratio Intervals | Loans | | Outstanding principal | | (%) Loan to Value* |
| | | % | (EUR) | % | |
| 0.01 - 5.00 | 16 | 0.48 | 757,722.84 | 0.11 | 1.86 |
| 5.01 - 10.00 | 51 | 1.54 | 3,952,694.23 | 0.55 | 7.81 |
| 10.01 - 15.00 | 81 | 2.45 | 5,976,177.88 | 0.83 | 12.63 |
| 15.01 - 20.00 | 114 | 3.45 | 13,352,190.96 | 1.87 | 18.18 |
| 20.01 - 25.00 | 150 | 4.54 | 22,155,390.62 | 3.10 | 22.69 |
| 25.01 - 30.00 | 156 | 4.73 | 24,921,724.58 | 3.48 | 27.84 |
| 30.01 - 35.00 | 215 | 6.51 | 37,210,901.30 | 5.20 | 32.37 |
| 35.01 - 40.00 | 279 | 8.45 | 46,168,942.76 | 6.45 | 37.70 |
| 40.01 - 45.00 | 307 | 9.30 | 70,467,870.47 | 9.85 | 42.85 |
| 45.01 - 50.00 | 338 | 10.24 | 73,637,091.47 | 10.29 | 47.47 |
| 50.01 - 55.00 | 380 | 11.51 | 84,635,765.82 | 11.83 | 52.31 |
| 55.01 - 60.00 | 329 | 9.97 | 74,084,540.85 | 10.35 | 57.55 |
| 60.01 - 65.00 | 288 | 8.72 | 80,899,357.57 | 11.30 | 62.57 |
| 65.01 - 70.00 | 298 | 9.03 | 83,134,252.07 | 11.62 | 67.52 |
| 70.01 - 75.00 | 136 | 4.12 | 38,788,221.24 | 5.42 | 72.80 |
| 75.01 - 80.00 | 104 | 3.15 | 36,595,296.36 | 5.11 | 77.54 |
| 80.01 - 85.00 | 27 | 0.82 | 8,723,177.24 | 1.22 | 81.81 |
| 85.01 - 90.00 | 13 | 0.39 | 4,539,948.66 | 0.63 | 87.52 |
| 90.01 - 95.00 | 12 | 0.36 | 3,956,238.77 | 0.55 | 91.51 |
| 95.01 - 100.00 | 7 | 0.21 | 1,765,812.36 | 0.25 | 97.80 |
| Total | 3,301 | 100.00 | 715,723,318.05 | 100.00 | |
| Weighted Average: | | | | | 52.65 % |
| Simple Average: | | | | | 47.81 % |
| Minimum: | | | | | 9.34 % |
| Maximum: | | | | | 99.77 % |

*Loan to Value Ratio are averages weighted by the initial principal.

There is no overcollateralisation in the Fund since the total Loan principal or capital that BANKINTER shall assign to the Fund upon being set up shall be equal to or slightly above EUR seven hundred and eighty-five million four hundred thousand (785,400,000.00), the face value amount of Series A1, A2, B, C and D Bonds.

2.2.3 Legal nature of the pool of assets to be securitised.

The selected loans may be classified based on their collaterals into:

- (i) Loans with real estate mortgage security, originated in a public deed (the Mortgage Loans).

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, February 8, 1946, Mortgage Market Regulation Act 2/1981, March 25, and ancillary laws.

The Mortgage Loans shall be assigned to the Fund upon BANKINTER issuing and the Fund subscribing 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, on the terms provided for in section 3.3 of this Building Block.

- (ii) Loans with no special guarantee, exclusively secured by pledging units in investment funds or with third-party personal guarantees, originated in a public document, which are enforceable (Civil Procedure Act article 517) (the Non-Mortgage Loans).

The Non-Mortgage Loans shall be directly assigned to the Fund upon being sold by BANKINTER and acquired by the Fund, 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 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 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 loans lies between October 1, 2006 and May 16, 2040, as specified in section 2.2.2.k) of this Building Block.

2.2.5 Amount of the assets.

The Fund shall be set up with the Loans which BANKINTER shall assign to the Fund upon being established and their total principal or capital shall be equal to or slightly above EUR seven hundred and eighty-five million four hundred thousand (785,400,000.00), the face value amount of Series A1, A2, B, C and D Bonds.

The portfolio of selected loans from which the Loans to be assigned to the Fund upon being established will be taken comprises 5,186 loans, the outstanding principal of which as of May 25, 2006 amounted to EUR 878,484,666.25 and the overdue principal amounted to EUR 469,735.60.

In order to be assigned to the Fund upon being established, BANKINTER shall choose the selected loans with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR seven hundred and eighty-five million four hundred thousand (785,400,000.00).

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 n) of this Building Block.

2.2.7 Method of creation of the assets.

The loans selected for assignment to the Fund have been granted by BANKINTER observing its usual credit risk analysis and valuation procedures for granting loans to enterprises. The procedures in place at BANKINTER are described below:

Loan proposal

BANKINTER has resolved to segment its risk credit with customers internally in accordance with a map of internal categories (risk types) classifying each live position based on risk consistency characteristics to calculate their default probability, strictness and exposure.

These categories determine how transactions or parties involved shall be managed internally based on turnover, assets and total risk taken on by BANKINTER with the proposing enterprise.

Categories of enterprises according to BANKINTER:

- Small Enterprises
- Medium-sized Enterprises
- Large Enterprises
- Funding Projects

The following are involved in the SME proposal generation process:

- **Customer:** proposes the transaction.
- **Branch:** customer account manager and liaison between the customer and Bankinter.
- **Centre for entering data** in the system. Provides Branches with administrative assistance and support in such matters as preparing loan agreements and booking transactions.
- **Risks:** at the different decision levels in charge of approving risk transactions.
- **Administrative Centres:** in charge of booking transactions.

Information requirements

The information that must be compiled upon a proposal by an SME is summed up in the following points:

- Transaction proposal: amount, term, guarantee and use of funds.
- Customer identification.
- Relationship with the Bank: positions, analysis and seniority as customer.
- External information: CIRBE, RAI, ASNEF.
- Commencement and description of the business.
- Shareholders.
- Market and products.
- Customers and suppliers.
- Staff.
- Properties.
- Balance Sheet and Profit and Loss Account for the last 3 years.
- Financial Ratios.
- Subjective remarks.
- Income and capital information if an individual stands surety.

The information shall be collected in respect of all parties in the risk group. The Bank uses the Bank of Spain's definition of economic group:

- Directly or indirectly controlling more than 25% in a company.
- Membership of the Board of Directors of that company.
- Business or financial support in running that Company: standing surety for third parties.

Transaction analysis

Decisions are made at the Bank by means of two approval systems: automatic and manual.

- ***Automatic approval:***

The software application in charge of automatically approving the risks captures the necessary data for every transaction and the parties involved and controls the entire manual empowerment and approval process, if necessary. It ensures that the authorisation and booking of transactions are consistent and allows the transaction to be monitored from time to time.

It also uses two types of rules for intermediate credit ratings in the above categories and for larger enterprises, distinguishing, in the latter case, where the beneficiary of the transaction is already a customer or not.

In addition to the above, the system analyses the status of the enterprise based on information obtained from external sources: official registers, annual accounts, etc...

Seven different modules are used to analyse the customer's position. Each module issues an individual assessment. The final assessment shall depend on the result of adding modules, and the most significant assessment modules weighing most are those analysing **economic details** (repayment capacity, credit rating and borrowing ratio) and the customer's **risk history**.

- ***Manual approval:***

The Bank's non-automated decisions are jointly made on the different Loan Committees.

The different Committees analyse the risk taken on based on the amount requested by the customer. This assessment is **independent** of the type of security or term of the transaction.

Once the Branch has completed the electronic file, the proposed transaction shall be approved by the relevant Committee in accordance with the powers conferred.

Origination

The central Legal Department is responsible for preparing the various agreements, which are provided to the network of branches by means of the appropriate software. Any change in those agreements requires the Legal Department's authorisation.

The branch is responsible for printing and having the agreement signed. The transaction is centrally entered in the accounts at the Administrative Centres.

In this connection, the Bank has an Authorisation System to control that what is booked is in conformity with what was authorised.

Control, monitoring and recovery systems

Bankinter has certain software applications to assist management of the area of Risks involved in Control, Monitoring and Recovery.

These applications are not only used for processing the financial information described above, but also for BANKINTER to consistently and systematically enter in its databases the assessment made by BANKINTER's analysts as to certain aspects of customers.

In this same connection, certain transactions are randomly monitored to check the entire procedure described above, with the steps and documents completed from the initial stage until the loan is granted.

A procedure is also in place to anticipate a situation of default. This procedure is being continually improved since it corrects deviations as more transactions are analysed.

Finally, recoveries are processed in another software application. The Recoveries Application is a computer tool ensuring recovery actions in respect of all delinquent portfolio positions.

This application has the following functions:

- **Automatically generating recovery actions.**
- **Manually generating recovery actions.**
- Running an **information system** with delinquent positions and customers, **allowing the user** to note relevant portfolio recovery events and to **view the information** entered by other users.

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

Representations of the Originator.

BANKINTER shall, as holder of the Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, represent as follows to the Fund, the Management Company, the Underwriters and Placement Agents and the other Placement Agents in the Deed of Constitution.

1. In relation to BANKINTER.

- (1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant loans to SMEs and operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has it been decreed to be insolvent, bankrupt or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.

- (3) That it has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Loans, to assign the Loans to the Fund and issue the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the last three years ended as of December 31, 2005, 2004 and 2003, with at least a favourable opinion and without any negative provisos by the auditors, which have been filed with the CNMV and with the Companies Register.

2. In relation to the Loans.

- (1) That the Loans have all been duly originated in a public document, being either a public deed or a loan agreement, and that BANKINTER keeps a first copy of the public deed or the valid loan agreement at the Management Company's disposal, as the case may be.
- (2) That in order to be assigned to the Fund upon being established, BANKINTER shall choose the selected loans with an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR seven hundred and eighty-five million four hundred thousand (785,400,000.00).
- (3) That the Loans all exist and are valid and enforceable in accordance with the applicable laws, and all applicable statutory provisions have also been observed in originating the same.
- (4) That it holds legal and beneficial title to all the Loans, clear of any liens and claims, and there is no obstacle whatsoever for the Loans to be assigned. In this sense, the respective deed or agreement supporting the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to be made.
- (5) That the Loans are all denominated in euros and payable exclusively in euros.
- (6) That most Obligors under the Loans are non-financial small and medium-sized enterprises (legal persons) (SMEs) domiciled in Spain as defined in section 2.2 of the Building Block of the Prospectus.
- (7) That it has strictly adhered to the policies for granting credit in force from time to time in granting all the Loans and in accepting, as the case may be, the subrogation of subsequent borrowers to the initial borrower's position, and in this connection the policies for granting credits and loans to enterprises currently in force are given in section 2.2.7 of the Building Block to the Prospectus.
- (8) That it is not aware of the existence of any lawsuits whatsoever in relation to the Loans that might be detrimental to their validity and enforceability.
- (9) That the Loans are clearly identified in the information system of BANKINTER as from being granted and are serviced, analysed and monitored by BANKINTER in accordance with the usual set procedures.
- (10) That upon the Fund being established, it has not come to BANKINTER's notice that any of the Loan Obligors has been decreed to be insolvent.
- (11) That upon the Fund being established, the sum of the Outstanding Balance of the Loans of a same Obligor is not in excess of 0.73% of the Outstanding Balance of the Loans.
- (12) That the Loan security arrangements are valid and enforceable in accordance with the applicable laws, and BANKINTER is not aware of the existence of any circumstance which might prevent the security arrangements from being enforced.
- (13) That upon the Fund being established, it is not aware of having received any notice whatsoever of total prepayment of the Loans.

- (14) That none of the Loans has a final maturity date extending beyond May 16, 2040.
- (15) That it is not aware that the Obligors may howsoever object to paying any amount relating to the Loans.
- (16) That upon the Fund being established, at least two instalments have matured on each Loan.
- (17) That nobody has a pre-emptive right over the Fund, as holder of the Loans.
- (18) That both the grant of the Loans and their assignment to the Fund and all aspects related thereto are ordinary actions in the course of business of BANKINTER and are at arm's length.
- (19) That after being granted or subrogated to BANKINTER the Loans have been serviced and are still being serviced by BANKINTER in accordance with its set customary procedures.
- (20) That the data and information relating to the loans selected to be assigned to the Fund given in section 2.2.2 of the Building Block to the Prospectus, fairly present their status on the relevant date and are accurate.
- (21) That the capital or principal of all the Loans has been fully drawn down.
- (22) That based on its internal records, none of the Loans are in the nature of financing granted to real estate developers for building or renovating homes and/or business or industrial properties designed to be sold.
- (23) That the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (24) That the Loan payment obligations are all satisfied by directly debiting an account opened at BANKINTER.
- (25) That none of the Loans have clauses allowing deferment of periodic interest payment and principal repayment, other than the principal payment exclusion there may be as of the date of origination of each Loan.
- (26) That it is not aware of any of the Loan Obligors holding any credit right against BANKINTER whereby the Obligor might be entitled to a set-off adversely affecting the rights attributed to the Fund upon the Loans being assigned.
- (27) That on the Loan assignment date, none of the Loans shall have any payments that are more than one (1) month overdue and that the Outstanding Balance of Loans with payments that are not more than one (1) month overdue shall not be in excess of 20% of the Outstanding Balance of the Loans.
- (28) That none of the corporate Obligors are part of Bankinter Group.
- (29) That based on its internal records none of the Loans are for finance lease transactions.
- (30) That the margin applicable to the Loans cannot be changed other than in the events of interest rate renegotiation provided for in section 3.7.2.1.7.a) of the Building Block of the Prospectus.

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

- (1) That the corporate bodies of BANKINTER have validly adopted all necessary resolutions for the Pass-Through Certificates to be issued.
- (2) That the particulars of the Mortgage Loans and the Pass-Through Certificates, represented in a multiple registered certificate, accurately reflect their current status and are true and complete.

- (3) That the Pass-Through Certificates are issued in accordance with the contents of additional provision five of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.
- (4) That the Mortgage Loans are all secured with a real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties, which are not encumbered with any restrictions on their disposal, conditions subsequent or any other limitation as to title.
- (5) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly established and entered in the relevant Land Registries. The entry of the mortgaged properties is in force and has not been howsoever objected to and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable laws.
- (6) That the Mortgage Loans do not have any of the characteristics of credits excluded or restricted by article 32 of Royal Decree 685/1982.
- (7) That the mortgages are established on properties wholly legally and beneficially owned by the respective mortgagor, and BANKINTER is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.
- (8) 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.
- (9) That all the mortgaged real properties (i) are located in Spain, (ii) have been appraised by duly qualified institutions approved by BANKINTER, evidence of which appraisal has been provided in the form of an appropriate certificate, and (iii) in the case of real properties relating to constructions in general, building work has been completed.
- (10) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates hereby issued for subscription by the Fund.
- (11) 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.
- (12) That it is not aware of any circumstance which might prevent foreclosure of the mortgage security.
- (13) That the Mortgage Loans are secured with a senior real estate mortgage on the legal and beneficial ownership of the mortgaged property.
- (14) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.
- (15) That the Pass-Through Certificates shall be issued for the same term remaining until maturity of and at the same interest rate as each of the underlying Mortgage Loans.

2.2.9 Substitution of the securitised assets.

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

1. In the event of prepayment of the Loans upon the relevant Loan capital being prepaid, there will be no substitution of the Loans.
2. In the event that during the full term of the Loans it should be found that any of them fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BANKINTER agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Loans not substituted, by automatically terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:

- 1) The party becoming acquainted with the existence of a latent defect, be it the Originator or the Management Company, shall advise the other party of that circumstance in writing. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to a substitution of the affected Loans, notifying the Management Company of the characteristics of the loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be of the same kind as to residual term, interest rate and outstanding principal value as the Loans and also credit quality in terms of ratio of outstanding principal to the appraisal value of the mortgaged property or properties of the mortgage loan to be replaced, as the case may be, in order for the financial balance of the Fund not to be affected by such substitution, nor indeed the rating of the Bonds in connection with the provisions of section 7.5 of the Securities Note. Once the Management Company has checked the appropriateness of the substitute loan or loans, and after advising the Originator expressly of loans suitable for such substitution, such substitution shall be made by terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, and simultaneously assigning the new substitute loans and, as the case may be, issuing the new substitute pass-through certificates.

The substitution shall be recorded in a public deed subject to the same formalities established for the assignment of the Loans upon the Fund being established, in accordance with the specific characteristics of the new loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agencies with a copy of the public deed.

- 2) In the event that there should be no substitution of the affected Loans in accordance with rule 1 above, the assignment of the affected Loans not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.
 - 3) In the event of paragraphs 1) and 2) above occurring, BANKINTER shall be vested in all the rights attaching to those Loans accruing from the substitution or repayment date or accrued and not due, and overdue amounts on that same date.
3. In particular, the amendment by the Servicer during the life of the 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 Servicer 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 Loans, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Servicer 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 Loans resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

The public deeds originating the Mortgage Loans provide that until and unless the same are fully repaid the Obligor shall be bound to have taken out insurance in respect of the mortgaged properties covering fire and other damages throughout the term of the agreement, at least meeting the minimum requirements laid

down by the mortgage market laws in force for the time being, assigning to BANKINTER the insured capital and other indemnities payable by the Insurer.

- 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 selected mortgage loans.

- 2.3 Actively managed assets backing the issue.**

Not applicable.

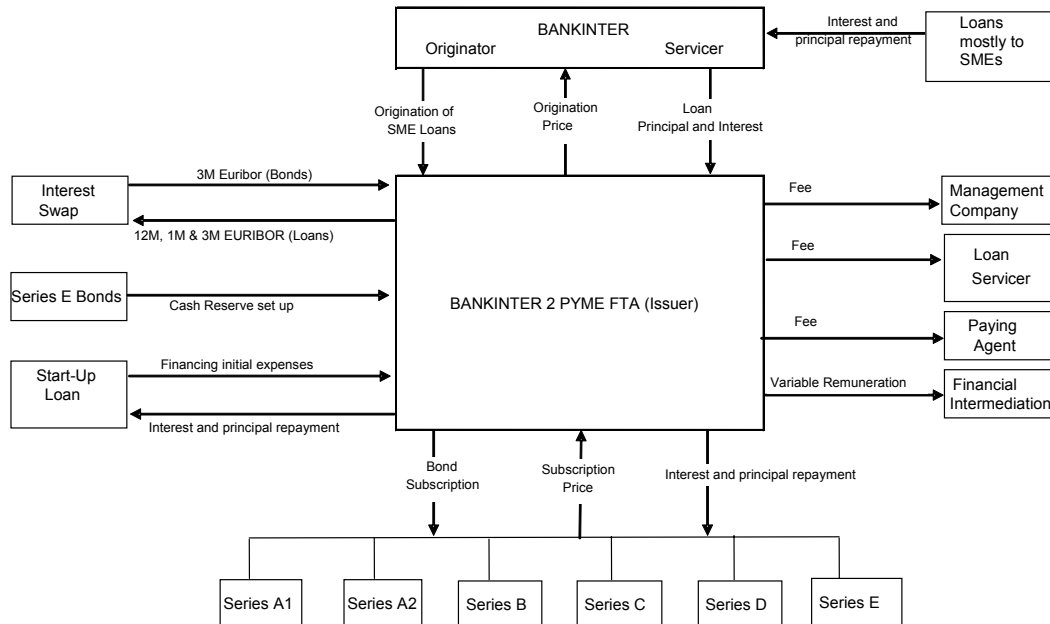
- 2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.**

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 | |
|--|-------------------------|
| Fixed Assets | 787,400,000.00 |
| Loans (adjustment excess to EUR 172,483.95) | 785,572,483.95 |
| Set-up, issue and admission expenses* | 1,827,516.05 |
| Current assets | to be determined |
| Treasury Account* | 14,600,000.00 |
| Amortisation Account | 0.00 |
| Accrued interest receivable** | to be determined |
| Total assets | 802,000,000.00 |

| LIABILITIES | |
|------------------------------------|-------------------------|
| Bond Issue | 800,000,000.00 |
| Series A1 Bonds | 49,000,000.00 |
| Series A2 Bonds | 682,000,000.00 |
| Series B Bonds | 16,200,000.00 |
| Series C Bonds | 27,500,000.00 |
| Series D Bonds | 10,700,000.00 |
| Series E Bonds | 14,600,000.00 |
| Other long-term liabilities | 2,000,000.00 |
| Start-Up Loan | 2,000,000.00 |
| Short-term creditors | to be determined |
| Mortgage Loan interest accrued ** | to be determined |
| Total liabilities | 802,000,000.00 |

| MEMORANDUM ACCOUNTS | |
|---------------------------|---------------|
| Cash Reserve | 14,600,000.00 |
| Interest Swap collections | 0.00 |
| Interest Swap payments | 0.00 |

(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 1,827,516.05 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 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 Loans to be assigned to the Fund upon being established, shall be a Lead Manager and one of the Placement Agents of the Bond Issue, was involved in structuring the financial terms of the Fund and the Bond Issue and 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, Loan Servicing, Financial Intermediation and Bond Paying Agent Agreements.
- (iii) DEUTSCHE BANK and IXIS CIB shall be Lead Managers and Underwriters and Placement Agents of the Bond Issue and shall be the Bond subscription book runners.
- (iv) FORTIS BANK, MERRILL LYNCH and SCH shall be 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 the representations regarding tax treatment of the Fund.
- (vi) PRICEWATERHOUSECOOPERS have audited the selected loans of BANKINTER.

The description of the institutions referred to in paragraphs (i) to (vi) above is given in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, given in the relevant sections, include the most substantial and relevant information on each agreement, duly reflect their contents and that 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 Loans.

The Management Company, for and on behalf of the Fund, and BANKINTER as Originator, shall in the Deed of Constitution perfect the agreement assigning the Loans to the Fund, effective from that same date, as follows:

- (i) The assignment of the Mortgage Loans shall be perfected by means of the issue by BANKINTER of and the subscription by the Fund for pass-through certificates (the “**Pass-Through Certificates**”) as established by Act 2/1981 and by additional provision five of Act 3/1994, as worded by article 18 of Financial System Reform Measures Act 44/2002, November 22 (“**Act 44/2002**”).

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

The Pass-Through Certificates shall be represented by means of a multiple registered certificate which shall contain the minimum data provided for pass-through certificates in article 64 of Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981 (“**Royal Decree 685/1982**”), and specifically the registration particulars of the mortgaged properties securing the Mortgage Loans.

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. The 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 investors, and may not be acquired by the unspecialised public.

Both in the event that any Pass-Through Certificate should be substituted, as prescribed in section 2.2.9.2 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 multiple or individual certificates, if any, into which the same is split shall be deposited at BANKINTER, and relations between the Fund and BANKINTER shall be governed by the Loan Servicing and Pass-Through Certificate Custody Agreement to be entered into between BANKINTER and the Management Company for and on behalf of the Fund. That deposit shall be made for the benefit of the Fund and therefore BANKINTER shall custody the certificates representing the Pass-Through Certificates deposited, on the Management Company's instructions.

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 the Pass-Through Certificate holders, also including therein (i) Mortgage Loan origination and maturity dates, amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors and 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.

- (ii) The Non-Mortgage Loans shall be assigned directly without any underlying security being issued by means of their sale by BANKINTER and acquisition by the Fund.

The assignment by BANKINTER to the Fund of the Loans shall not be notified to either Obligors or third-party guarantors. However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors, if any), of the transfer to the Fund of the outstanding 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 and third-party guarantors, if any, 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 and third-party guarantors, if any.

Similarly and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum enforceability of the assignment of the non-Mortgage Loans and collaterals with respect to third parties, all on the terms given in section 3.7.2.1.8 of this Building Block.

3.3.2 Loan assignment terms.

1. The Loans will be fully and unconditionally assigned for the entire term remaining from the date on which the Fund is established, until maturity of each Loan.

In accordance with article 348 of the Commercial Code and 1529 of the Civil Code, the Originator will be liable to the Fund for the existence and lawfulness of the Loans, and for the personality with which the assignment is made, but shall not be liable for the solvency of the Obligors.

The Originator shall not bear the risk of default on the Loans and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount whatsoever they may owe under the Loans, and shall not be answerable either for the enforceability of the securities collateral thereto. It will not be howsoever liable either to directly or indirectly guarantee that the transaction will be properly performed, nor give any guarantees or security, nor indeed agree to repurchase or substitute the Loans, saving as provided for in section 2.2.9 of this Building Block.

2. The assignment of each Loan shall be made for all the outstanding principal pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Loan assigned.
3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the assignment shall confer on the Fund the following rights in relation to each Loan:
 - a) To receive all Loan capital or principal repayment amounts accrued.
 - b) To receive all Loan principal ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Loan from the last interest settlement date, on or before the assignment date, and overdue interest on that same date.
 - c) To receive all late-payment interest amounts on the Loans.
 - d) To receive any other amounts, assets or rights received as payment of Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-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 on the Loans accruing for the Originator and derived therefrom, including those derived from the insurance contracts, if any, attached to the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Loans, excluding the fees established for each Loan, which shall remain to the benefit of the Originator.
4. In the event of prepayment of the Loans upon a full or partial repayment of the principal, there will be no direct substitution of the affected Loans.
5. The rights of the Fund resulting from the Loans 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 therewith.
6. 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 Obligors of their obligations, including enforcement proceedings against the same.
7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Loans, or their due dates, the change in the terms shall affect the Fund.
8. 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.

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. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BANKINTER would have received in this connection.

3.3.3 Loan sale or assignment price.

The sale or assignment price of the Loans shall be at par. The aggregate price payable by the Fund represented by the Management Company to BANKINTER for the assignment of the Loans shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) interest accrued and not due and overdue interest, as the case may be, on each of the Loans on the assignment date (the “**accrued interest**”).

The Management Company shall pay the total Loan assignment price on behalf of the Fund as follows:

1. The part of the assignment price consisting of the face value of the capital of all the Loans, item (i) of paragraph one, shall be paid by the Fund on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up. BANKINTER shall receive no interest on the deferment of payment until the Closing Date.
2. The part of the price consisting of interest accrued on each Loan, item (ii) of paragraph one, shall be paid by the Fund on each collection date falling on the earlier of the Fund collection date falling on the first interest settlement date on each Loan or the date on which they are paid by the Obligor, after the Loan assignment date, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Loans should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund's obligation to pay the total Loan acquisition price shall terminate, and (ii) the Management Company shall be obliged to restore to BANKINTER any rights whatsoever accrued for the Fund upon the Loans being assigned.

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 Loans will be paid by the Servicer into the Fund's Treasury Account on the seventh 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 Loans.

The weighted average interest rate of the loans selected as of May 25, 2006, as detailed in section 2.2.2.g) of this Building Block, is 3.28%, which is above the 3.10% 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 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 Loan interest rate renegotiations which may even result in their novation 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 Loans.
- (ii) Interest Swap:
Mitigates the interest rate risk occurring in the Fund because the 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 Loan interest rate renegotiations which may even result in their novation to a fixed rate.

(iii) Treasury Account.

Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received daily on the Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.

(iv) Amortisation Account:

Partly mitigates the loss of return on the amounts of the Available Funds for Amortisation not applied to actually amortising the Bonds from the first Payment Date (August 16, 2006) until the Payment Date falling on November 16, 2007, 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 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 a cash reserve (the “**Cash Reserve**”) on the Closing Date 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 fourteen million six hundred thousand (14,600,000.00) (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:

- (i) EUR fourteen million six hundred thousand (14,600,000.00).
- (ii) The higher of:
 - b) 3.72% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D.
 - b) EUR seven million three hundred and four thousand two hundred and twenty (7,304,220.00).
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 Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful 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 two (2) 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 two million (2,000,000.00) (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 assignment of the Loans at the difference between the total face capital of the Loans and the total face amount of 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 February 16, May 16, August 16 and November 16 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 August 16, 2006, 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, August 16, 2006, and the following until the Payment Date falling on May 16, 2011, inclusive.
- (ii) The portion of Start-Up Loan principal used to finance partially assignment of the Loans and not used, as the case may be, shall be repaid on the first Payment Date, August 16, 2006.

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 of the Fund. 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. 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 principal repayment shall be deferred and subordinated to satisfaction of those obligations.

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

Interest payment and principal repayment on Series B Bonds 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 of the Fund.

Interest payment and principal repayment on Series C Bonds 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 of the Fund.

Interest payment and principal repayment on Series D Bonds 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 of the Fund.

Interest payment and principal repayment on Series E Bonds 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 of the Fund.

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) Loan principal repaid and interest collected;
- (iii) any other amounts relating to the Loans and from the sale or utilisation of the properties or assets awarded or under administration or interim possession in foreclosure proceedings, and all and any rights or indemnities including not only those derived from the damage insurance contracts of the properties mortgaged as security for the Mortgage Loans, but also those derived from any right attached to the Loans, excluding the set fees for each of them;
- (iv) the Cash Reserve amount;
- (v) Start-Up Loan principal drawn down;
- (vi) Interest Swap amounts paid to the Fund;
- (vii) the amounts of the returns obtained on 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 Bond 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, August 9, 2006.

In the event that the short-term, unsecured and unsubordinated debt of BANKINTER 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) 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 having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1 respectively in Moody's and S&P's rating scales, and subject at all times to the prior communication to the Rating Agencies, 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, for such time as BANKINTER remains downgraded below P-1 or A-1.
- b) Transferring the Fund's Treasury Account to an institution with short-term, unsecured and unsubordinated debt 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*), in an amount sufficient to guarantee the commitments established in this Agreement.
- d) Moreover, if the above options are not possible on the terms provided for, 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 with short-term, unsecured and unsubordinated debt 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 amounts) 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), and in the event that BANKINTER's short-term, unsecured and unsubordinated debt should subsequently be upgraded back to P-1 and A-1 respectively by Moody's and S&P, the Management Company shall subsequently transfer the balances back to BANKINTER under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

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 the short-term, unsecured and unsubordinated debt of BANKINTER is downgraded to 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 downgraded to 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 having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1+ respectively in Moody's and S&P's rating scales, 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 has a rating of at least P-1 and A-1+ respectively in Moody’s and S&P’s rating scales, 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 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 from the first Payment Date (August 16, 2006) until the Payment Date falling on November 16, 2007, 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 August 16, 2006, the first Payment Date.

In the event that the short-term, unsecured and unsubordinated debt of BANKINTER should, at any time during the term of this Agreement, 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 having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1 respectively in Moody’s and S&P’s rating scales, and subject at all times to the prior communication to the Rating Agencies, 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, for such time as BANKINTER remains downgraded below P-1 or A-1.

- b) Transferring the Fund's Amortisation Account to an institution with short-term, unsecured and unsubordinated debt 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*), in an amount sufficient to guarantee the commitments established in this Agreement.
- d) Moreover, if the above options are not possible on the terms provided for, 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 with short-term, unsecured and unsubordinated debt 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 amounts) 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), and in the event that BANKINTER's short-term, unsecured and unsubordinated debt should subsequently be upgraded back to P-1 and A-1 respectively by Moody's and S&P, the Management Company shall subsequently transfer the balances back to BANKINTER under the Guaranteed Interest Rate Account (Amortisation Account) Agreement.

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 the short-term, unsecured and unsubordinated debt of BANKINTER is downgraded to 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 downgraded to 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 having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1+ respectively in Moody's and S&P's rating scales, 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 has a rating of at least P-1 and A-1+ respectively in Moody's and S&P's rating scales, 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 Amortisation 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 Amortisation 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 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.

Moreover, the Amortisation Account shall be closed from the Payment Date falling on November 16, 2007, 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 Loans, and any other item including under the damage 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 Loans.

The Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh 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 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 Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the 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 acquiring the Non-Mortgage Loans and subscribing for the Pass-Through Certificates at their face value.
- 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 the date on which the Early Liquidation of the Fund occurs, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation 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) Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) 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 to the Surplus Account, if any, transferred from the Treasury Account.
- d) The return received on amounts credited to the Amortisation Account and to the Surplus Account, if any, transferred from the Amortisation Account.
- e) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- f) Net amounts, if any, received by the Fund under the Interest Swap Agreement and, in the event of termination of the Agreement, the settlement payment amount payable by the Fund’s counterparty (Party B).
- g) 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 assets or rights awarded to the Fund.

Income under items a), b) and g) 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 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 amount, 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 amount to be settled by the Fund.

3. Payment of interest due on the Series A1 and Series 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 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 Bonds minus, until the Payment Date falling on November 16, 2007, 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 Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Series A1, A2, B, C and D Bond principal Amortisation Withholding shall be added to the Available Funds for Amortisation which shall be applied in accordance with the rules for Distribution of Available Funds for Amortisation established in sections 4.9.3.1.5 and 4.9.3.1.6 of the Securities Note.
8. Payment of interest due on the Series B Bonds when this payment is deferred from 4th place in the priority of payments as established therein.
9. Payment of interest due on the Series C Bonds when this payment is deferred from 5th place in the priority of payments as established therein.
10. Payment of interest due on the Series D Bonds when this payment is 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 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.

14. Payment of the settlement payment amount payable by the Fund, as the case may be, 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 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 payable for different items exist in a same priority order number on the Payment Date and the 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 enforce 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: source and application.

The make-up of the Available Funds for Amortisation and their application under the rules for Distribution of Available Funds for Amortisation are respectively given in sections 4.9.3.1.5 and 4.9.3.1.6 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 Loans and the remaining assets and, as the case may be, (iii) the amount drawn under the credit facility for final amortisation of Series A1, A2, B, C and D Bonds, in accordance with

the provisions of section 4.4.3 of the Registration Document, in the following order of priority of payments (the “**Liquidation Priority of Payments**”):

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
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 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 on the net amount payable by the Fund on 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 amount payable by the Fund.
4. Payment of interest due on the Series A1 and Series A2 Bonds.
5. Repayment of Series A1 and Series 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 Series A1, A2, B, C and D Bonds as provided for in section 4.4.3 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 amount, if any, 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, assignment of the Loans 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 January, April, July and October, 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 July 31, 2006, inclusive, this being the last day of the month preceding the first Payment Date, August 16, 2006.

The Financial Intermediation Margin accrued at the close of the months of January, April, July and October 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.

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 Loan interest rate 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. they shall be February 16, May 16, August 16 and November 16 in every year, or the following Business Day if any of these dates is not a Business Day. The first Payment Date shall be August 16, 2006.

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 Party A calculation periods 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 and the last Party A calculation period shall respectively be equivalent to the exact number of days elapsed between a) the date of establishment of the Fund, inclusive, and August 9, 2006, the first Determination Date, inclusive, and b) the Determination Date preceding the date on which the Interest Swap Agreement expires, exclusive, and the date on which expiration occurs, inclusive.

Party B:

The Party B calculation periods 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 and the last Party B calculation period shall respectively be equivalent to the exact number of days elapsed between a) the Bond Issue Closing Date, inclusive, and August 16, 2006, exclusive, and b) the Payment Date preceding the date on which the Interest Swap Agreement expires, exclusive, and the date on which expiration occurs, exclusive.

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

This shall be, for each Party A calculation period, the daily average during the Party A calculation period of the Outstanding Balance of Non-Doubtful Loans during that calculation period. For each Party B calculation period, the Notional Amount shall be that determined for the Party A calculation period substantially matching such Party B calculation period.

4. Variable amounts payable by Party A.

This shall be on each Payment Date and for the preceding Party A 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 next preceding the relevant Payment Date the annual interest rate resulting from dividing (i) the sum of the amount of ordinary interest on the Loans falling due during the Party A calculation period, whether or not they were paid by the Obligors, deducting the amount of interest at the contractual margin or, as the case may be, the renegotiated margin, above the benchmark index, and excluding Doubtful Loans, on the relevant calculation date, 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 will be reduced in the interest accrued payable by the Fund in connection with the assignment of the Loans.
- (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 the Loans and on the termination of their assignment by BANKINTER in accordance with the rules laid down for substituting or, as the case may be, redeeming the Loans.
- (iii) In the case of renegotiated novated fixed-rate Loans, the margin shall be deemed to be the difference between the fixed rate applicable to the Loan and the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement page, at 11:00AM CET on the effective date of the new fixed rate for the term of the average life of the 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 Loan.

Calculation of the average life of a novated fixed-rate Loan: *average of the time periods from the effective date of the novation until each of the 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 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) 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 the preceding Party B 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 following dates: (i) the Final Maturity Date or (ii) the date of the event resulting in the Fund terminating 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 amount 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 this event, 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, unless payment of the settlement amount is for Party B.

If on a Payment Date Party B should not have sufficient liquidity to make payment of the aggregate amount payable to Party A, the Management Company may, on behalf of the Fund, choose to terminate the Swap Agreement. In this event, 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.

Payments by Party A to Party B under the Interest Swap Agreement shall be subject to the Available Funds in the Priority of Payments established in section 3.4.6 of this Building Block.

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.

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 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 has Moody's Required Ratings providing that such does not result in any requirement for deduction or withholding for or on account of any Tax.

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 market value, which does not adversely impact the ratings given by Moody's to the Bonds 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 Baa2 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 30 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 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 has Moody's Required Ratings providing

that such does not result in any requirement for deduction or withholding for or on account of any Tax.

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 market value, which does not adversely impact the ratings given by Moody's to the Bonds 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 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 S&P's criteria published in papers dated December 2003 and February 2004 in support of its obligations under the Interest Swap Agreement.

(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,

(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 S&P's criteria published in papers dated December 2003 and February 2004 in support of its obligations under the Interest Swap Agreement.

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 or a Subsequent 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 or the Subsequent 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 in a Subsequent Rating Event, 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 (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 Interest Swap Agreement. Should the settlement amount under the 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.

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.

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.

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

The originator and assignor of the 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 financial information for the year 2005 and how it compares to the previous year.

The relevant information as at December 31, 2005 was prepared in accordance with applicable International Financial Reporting Standards under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004. The relevant information as at December 31, 2004 was also prepared for comparative purposes only in accordance with IFRS in order for the comparison between both periods to be consistent.

| | 31.12.2005 | 31.12.2004 | Δ% |
|---|------------|------------|--------|
| BALANCE SHEET (EUR thousand) | | | |
| Total Assets | 40,775,982 | 31,270,200 | 30.40 |
| Customer credit | 26,139,388 | 20,181,633 | 29.52 |
| Customer credit exsecutisation | 29,408,537 | 24,060,122 | 22.23 |
| Customer resources | 27,476,959 | 20,446,449 | 34.38 |
| Off-balance sheet funds managed | 11,066,305 | 9,308,247 | 18.89 |
| PROFIT AND LOSS ACCOUNT (EUR thousand) | | | |
| Intermediation margin | 430,267 | 389,183 | 10.56 |
| Ordinary margin | 730,083 | 617,510 | 18.23 |
| Operating margin | 369,812 | 300,710 | 22.98 |
| Pre-tax profit | 283,674 | 260,779 | 8.78 |
| Net Profit attributed to the Group | 187,702 | 173,378 | 8.26 |
| RATIOS (%) | | | |
| Delinquency rate exsecutisation | 0.23% | 0.30% | -26.04 |
| Delinquency coverage rate | 607.45% | 452.94% | 34.11 |
| Efficiency ratio | 48.36% | 49.81% | -2.90 |
| ROE | 15.87% | 15.27% | 3.93 |
| ROA | 0.54% | 0.62% | -12.57 |
| Capital ratio | 10.30% | 12.45% | -17.27 |
| Tier 1 | 7.37% | 8.63% | -14.60 |
| BANKINTER SHARES | | | |
| Number of shares | 77,916,786 | 76,850,452 | 1.39 |
| Latest price | 46.87 | 39.19 | 19.60 |
| BPA | 2.41 | 2.29 | 5.20 |
| DPA | 1.17 | 1.05 | 11.43 |

| | 31.12.2005 | 31.12.2004 | Δ% |
|---------------------------------|------------|------------|--------|
| BRANCHES & CENTRES | | | |
| Branches | 318 | 308 | 3.25 |
| Commercial management centres | | | |
| Corporate | 45 | 39 | 15.38 |
| SMEs | 105 | 47 | 123.40 |
| Private Banking | 37 | 35 | 5.71 |
| Virtual branches | 498 | 467 | 6.64 |
| Number of Agents | 1,007 | 1,004 | 0.30 |
| Telephone and Internet branches | 3 | 3 | 0.00 |
| STAFF | | | |
| Employees (full-time) | 3,712 | 3,269 | 13.55 |

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, S.A., SOCIEDAD GESTORA DE FONDOS 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.

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

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 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 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 notify and first secure the 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 Non-Mortgage Loans and 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 income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of assignment of the Loans and on the terms of their respective agreements communicated by the Originator, and that the 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(s), if any, return the yield set in the respective agreements.
- (xv) Calculating the Available Funds, the Available Funds for Amortisation, 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 amortisation of the Bonds issued by the same and of the loans, in accordance with the provisions of this Prospectus.

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 0.0185% 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 Outstanding Principal Balance of Series A1, A2, B, C and D Bonds 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 Series A1, A2, B, C and D Bonds.

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

$$C = B \times \frac{0.0185}{100} \times \frac{d}{360}$$

where :

C = Fee payable on a given Payment Date.

B = 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.

In any event, the periodic fee amount on each Payment Date may not be lower than 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 yearly amount shall be cumulatively reviewed in the same proportion, from the year 2007, 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 Loans to be assigned to the Fund, as established in article 2.2.b) of Royal Decree 926/1998, and for the Pass-Through Certificates as established in article 61.3 of Royal Decree 685/1982, shall continue as attorney for the Management Company to be responsible for servicing and managing the Loans, and the relations between BANKINTER and the Fund, represented by the Management Company, shall be governed by the Loan Servicing and Management and Pass-Through Certificate Custody Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Loans and custody of the Pass-Through Certificates.

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

- (i) To service and manage the Loans acquired by the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.

- (ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own 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 manage the 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 Loans, and custodian of the relevant 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.

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

1. Custody of deeds, agreements, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Loans and the damage insurance policies of the mortgage properties securing the Mortgage Loans 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 Loan, or any other competent authority should so require 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, agreements, documents and files. 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, loan agreements, agreements and documents.

2. Collection management.

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Loans and any other item including under the 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 Loans.

The Loan amounts received by the Servicer for the Fund shall be paid in full into the Fund's Treasury Account on the seventh 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 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 Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.

3. Fixing the interest rate.

Because the 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 respective Loan agreements, 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 Loan, to fulfilment by the Obligors of their obligations under the Loans, to delinquency status and ensuing changes in the characteristics of the 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 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. Loan subrogation.

The Servicer shall be authorised to permit substitutions in the position of the Obligor under the Loan agreements, exclusively where the characteristics of the new Obligor are similar to those of the former Obligor and those characteristics observe the 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.

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

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

The Servicer may not voluntarily cancel the Loans or their security arrangements for any reason other than payment of the Loan, relinquish or settle in regard thereto, forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness or economic value of the Loans or of the security arrangements, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own 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 first 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 Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided in the case of Mortgage Loans that those novations are not detrimental to their ranking as a senior mortgage.

Without prejudice to the provisions hereinafter, any novation changing a Loan 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 change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept Loan interest rate and term renegotiations, without requiring the prior consent of the Management Company, subject to the following general enabling requirements:

a) Renegotiating the interest rate.

Only the following may be renegotiated: (i) the margin applicable to the Loans, (ii) their benchmark index and (iii) their novation to a fixed rate.

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 Loan. 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 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 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 loans or credits granted to SMEs in an amount and on terms substantially similar to the Loan.

The Management Company may, on the Fund's behalf, at any time during the term of the Servicing Agreement, cancel, suspend or modify the Servicer's authorisation to renegotiate the interest rate.

2. The margin applicable to a 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 Loan principal is less than 0.40%. For the purposes prescribed in this section, the provisions of section 3 below shall govern in the case of renegotiated fixed-rate 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 Loan, the average margin weighted by the principal not yet due of the Loans is equal to or less than 0.50% (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 Loans), the Management Company may accept the renegotiation provided that the Servicer agrees to pay the Fund, for the Loan, on each collection date after the effective date of the renegotiation, while the average margin weighted by the outstanding principal of the Loans is equal to or less than 0.50%, the amount on each Loan interest settlement date of the difference in the interest accrued by the 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.

In this section, margin shall be deemed to be the contractual margin or, as the case may be, the renegotiated margin.

3. For the purposes of paragraph 2 above, the novated fixed-rate Loan margin shall be deemed to be the difference between the fixed rate applicable to the 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 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 Loan.

Calculation of the average life of a novated fixed-rate Loan: average of the time periods from the effective date of the novation until each 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 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 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 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 Loans with respect to which the maturity date is extended may not exceed 10% of the Loan capital or principal assigned to the Fund.
- (iii) The term of a specific Loan may be extended provided that the following requirements are met:
 - a) That the same recurrence in settlement of interest and repayment of Loan capital or principal and the same repayment system and interest rate reset recurrence are maintained.
 - b) That the new final maturity or final amortisation date does not extend beyond May 16, 2040.
- (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 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 Loans to be updated.

In the event of a renegotiation of the interest rate of the 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 Loans will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

8. Action against Obligor in the event of default on the Loans.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue amounts on the Loans as it applies to the rest of its portfolio 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 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 Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their payment obligations derived from the 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 Fund, 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 Loans to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer.

In relation to the credit rights derived from the Loans, the Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, 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 file a legal action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If six (6) months should elapse from the oldest default without the Obligor having resumed payments or the Servicer, with the Management Company's consent, securing a payment commitment satisfactory to the Fund's interests, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligors as provided for above in this section, the Management Company, for the Fund, may also take action against Obligors who are in breach of their Loan payment obligations. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

If this should be legally required, and for the purposes prescribed in the Civil Procedure Act, BANKINTER shall confer in the Deed of Constitution as full and extensive an irrevocable power of attorney as may be required at Law in order for the Management Company, acting for and on behalf of BANKINTER, to demand through a notary public any Loan Obligor to pay the debt.

1. In regard to the Mortgage Loans, 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:
 - (i) To demand the Servicer to apply for foreclosure.
 - (ii) To take part on an equal standing with BANKINTER, 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, without the above period having to elapse.

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.

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.

2. In the event of default by the Obligor (or third-party guarantors, if any) of Non-Mortgage Loan payment obligations by the Obligor, the Management Company, acting for the Fund shall have:
 - (i) An executive action against those Obligors (and third-party guarantors, if any), taking the steps provided for such proceedings in the Civil Procedure Act (articles 517.4 and 517.5).
 - (ii) In the case of Non-Mortgage Loans secured with a pledge in units in investment funds (in book-entry form), and after first entering the assignment of the security in the register of the institution in charge of the accounting record of the units, the enforcement means provided for in the agreement proper, in the Civil Procedure Act and in the Civil Code (article 1872), may be availed of.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue amounts on the Loans. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

9. Damage insurance for properties mortgaged under 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 properties mortgaged under 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 ultimately or on behalf of the Fund, advancing payment of the premiums, without prejudice to being reimbursed by the Fund for amounts so paid.

In the event of a claim, each Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies 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 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 Loans should be fully or partially set-off against that credit, 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 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.

12. Auction of real estate and assets.

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real estate mortgaged as security for the Mortgage Loans and of the assets attached as security for the Loans, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may put in place such actions as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real estate and assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real estate or the asset to the Fund, strictly fulfilling the instructions received from the Management Company.

In the event of real estate or other assets being awarded to the Fund, the Servicer shall actively assist in expediting their disposal.

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 Loans acquired by the Fund terminate, once all the 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 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. In the event of insolvency of the Servicer, only (iii) above shall be valid.

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, if any) 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 and third-party guarantors, if any, 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 and third-party guarantors, if any, directly or, as the case may be, through a new Servicer it shall have designated, in accordance with the Bankruptcy Act.

Furthermore, and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum efficiency of the assignment of Non-Mortgage Loans and ancillary guarantees with respect to third parties, all on the terms given in section 3.7.2.1.8 of the Building Block.

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.

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 Loans, without prejudice to the liabilities undertaken thereby as Originator of the Loans acquired by the Fund.

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 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 executive action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Loans corresponding to the Fund does not result from default by the Obligors and is attributable to the Servicer.

Upon the 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 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 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. 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 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 assets or properties 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 respectively given in section 5.2 of the Securities Note and 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 Fund 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' 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 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, not less than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the 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 Loans.
4. Dates of maturity of the Loans.
5. Outstanding Balance of Doubtful Loans and cumulative amount of Doubtful Loans from the date of establishment of the Fund.

In relation to the economic and financial position of the Fund:

1. Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation 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 Loans, 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 and the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents and to the Placement Agents 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 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 June 22, 2006.

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.

“Act 44/2002” shall mean Financial System Reform Measures Act 44/2002, November 22.

“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 not applied to Bond amortisation from the first Payment Date (August 16, 2006) until the Payment Date falling on November 16, 2007, exclusive.

“Amortisation Deficiency” shall mean, on a Payment Date, the positive difference, if any, between (i) the Amortisation Withholding amount, and (ii) the amount of the Available Funds actually applied to Amortisation Withholding.

“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 November 16, 2007, 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 Loans

“Available Funds for Amortisation” 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 Amortisation Withholding amount actually applied in 7th place of the Available Funds on the relevant Payment Date and exclusively on the Payment Date falling on November 16, 2007, inclusive, the Amortisation Account balance and the Surplus Account balance, if any, transferred from the Amortisation Account on the preceding Determination Date..

“Available Funds” shall mean, in relation to the Priority of Payments and 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, DEUTSCHE BANK and IXIS CIB as Lead Managers and Underwriters and Placement Agents, and FORTIS BANK, MERRILL LYNCH and SCH as Placement Agents.

“Bond Issue” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR eight hundred million (800,000,000.00), consisting of eight thousand (8,000) 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).

“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 seven hundred and thirty-one million (731,000,000.00).

“Class A” shall mean the Class A (Series A1 and A2) Bonds issued by the Fund.

“Closing Date” shall mean June 29, 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 and of the Non-Mortgage Loans acquired 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 4.9.3.1.6 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, i assignment by BANKINTER to the Fund of Non-Mortgage Loans and Mortgage Loans by means of the issue of Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

“Delinquent Loans” shall mean Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Loans.

“Determination Dates” shall mean the dates falling on the fourth (4th) Business Day preceding each Payment Date.

“Determination Period” shall mean the 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, August 9, 2006, 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 4.4.4.3 of the Registration Document, on which the 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), not including the first date but including the last date.

“DEUTSCHE BANK” shall mean DEUTSCHE BANK AG.

“Distribution of Available Funds for Amortisation” shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.1.6 of the Securities Note.

“Doubtful Loans” shall mean 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 based on indications or information obtained by the Servicer.

“Early Amortisation” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund 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.

“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. May 16, 2043 or the following Business Day if that is not a Business Day.

“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 January, April, July and October, 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 July 31, 2006, inclusive, this being the last day of the month preceding the first Payment Date, August 16, 2006.

“FORTIS BANK” shall mean FORTIS BANK NV-SA.

“Fund” shall mean BANKINTER 2 PYME 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 fourteen million six hundred thousand (14,600,000.00).

“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.

“IXIS CIB” shall mean IXIS CORPORATE & INVESTMENT BANK.

“Lead Managers” shall mean BANKINTER, DEUTSCHE BANK and IXIS CIB.

“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 Loans 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 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.

“Loan Servicing and Pass-Through Certificate Custody Agreement” shall mean the Loan servicing and custody and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BANKINTER, as Servicer.

“Loans” shall mean the loans owned by BANKINTER granted to non-financial enterprises (legal persons), mostly small and medium-sized enterprises (SMEs, as defined in section 2.2 of the Building Block) domiciled in Spain, assigned by BANKINTER to the Fund upon being established.

In this Prospectus the term “Loans” shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

“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 with real estate mortgage security assigned by BANKINTER to the Fund by means of the issue by BANKINTER of and subscription by the Fund for the Pass-Through Certificates.

“Nominal Interest Rate” shall mean the 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 Loans” shall mean Mortgage Loans that are not deemed to be Delinquent Loans on a given date, also excluding Doubtful Loans.

“Non-Doubtful Loans” shall mean Mortgage Loans that are not deemed to be Doubtful Loans on a given date.

“Non-Mortgage Loans” shall mean Loans without special security exclusively secured by pledging units in investment funds or with third-party personal guarantees, assigned by BANKINTER to the Fund upon being sold by BANKINTER and acquired by the Fund.

“Obligors” shall mean the borrowers of the Loans, which are enterprises (legal persons) (mostly SMEs as defined in section 2.2 of the Building Block).

“Originator” shall mean BANKINTER, originator of the Loans.

“Outstanding Balance of the 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 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 in accordance with 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 February 16, May 16, August 16 and November 16 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be August 16, 2006.

“Placement Agents” shall mean BANKINTER, FORTIS BANK, MERRILL LYNCH and SCH.

“PRICEWATERHOUSECOOPERS” shall mean Price Waterhouse Coopers 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 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 one- (1-) month Euribor and two- (2-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, 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 fourteen million six hundred thousand (14,600,000.00) and (ii) the higher of a) 3.72% of the sum of the Outstanding Principal Balance of Series A1, A2, B, C and D and b) a sum of EUR seven million three hundred and four thousand two hundred and twenty (7,304,220.00). 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 forty-nine million (49,000,000.00) comprising four hundred and ninety (490) Bonds having a unit face value of EUR one hundred thousand (100,000).

“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 six hundred and eighty-two million (682,000,000.00) comprising six thousand eight hundred and twenty (6,820) 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 sixteen million two hundred thousand (16,200,000.00) comprising one hundred and sixty-two (162) 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-seven million five hundred thousand (27,500,000.00) comprising two hundred and seventy-five (275) 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 ten million seven hundred thousand (10,700,000.00) comprising one hundred and seven (107) 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 fourteen million six hundred thousand (14,600,000.00) comprising one hundred and forty-six (146) 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 Mortgage Loan Servicing and Pass-Through Custody Agreement, i.e. BANKINTER (or any replacement institution).

“Servicing Agreement” shall mean the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement.

“SMEs” shall mean small and medium-sized enterprises, as defined in section 2.2 of the Building Block, which are mostly the obligors or borrowers of the Loans.

“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 two million (2,000,000.00).

“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 June 27, 2006.

“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.

“Underwriters and Placement Agents” shall mean DEUTSCHE BANK and IXIS CIB.