PROSPECTUS October 19, 2001

BANKINTER 3
FONDO DE TITULIZACIÓN HIPOTECARIA

MORTGAGE-BACKED BONDS
1,322,500,000 EUROS

Series A	EUR 1,273,600,000	Aaa/AAA	3-M Euribor + 0.26%
Series B	EUR 33,700,000	A2/A+	3-M Euribor + 0.58%
Series C	EUR 15,200,000	Baa3/BBB+	3-M Euribor + 1.46%

Backed by Mortgage Certificates issued by

BANKINTER

Lead Managers

Crédit Agricole Indosuez **Dresdner Kleinwort Wasserstein**

Bankinter

Underwriters

Crédit Agricole Indosuez **Dresdner Kleinwort Wasserstein**

EBN Banco **Schroder Salomon Smith Barney**

JPMorgan **Société Genérale**

Payment Agent

Bankinter

Fund structured, organised and managed by

Europea de Titulización

Sociedad Gestora de Fondos de Titulización

Full prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores

Material Event concerning BANKINTER 3 Fondo de Titulización Hipotecaria

As provided for in the Prospectus for **BANKINTER 3 Fondo de Titulización Hipotecaria** (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
V.3.1 Paragraph 2 (Treasury Account Agreement)	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**"). 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. 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. 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. 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. 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

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Registro Mercantil de Madrid. Tomo 5461, Folio 49, Sección 8, Hoja M-89355, Inscripción 1ª Fecha 11/03/93 NIF A-80514466

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

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Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Material Event concerning BANKINTER 3 Fondo de Titulización Hipotecaria

As provided for in the Offering Circular or Prospectus for **BANKINTER 3 Fondo de Titulización Hipotecaria** (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
V.3.1 Paragraph 2 (Treasury Account Agreement)	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. Accrued interest, which shall be settled on January 16, April 16, July 16 and October 16 or, if any of those dates is not a Business Day, on the following Business Day, 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. The first Treasury Account interest settlement date at SGSE shall be October 16, 2015.

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Section	Description
	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.
V.3.7 Paragraph 3 (Paying Agent Agreement)	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.

Madrid, July 30, 2015

Mario Masiá Vicente
General Manager

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Registro Mercantil de Madrid. Tomo 5461, Folio 49, Sección 8, Hoja M-89355, Inscripción 1ª Fecha 11/03/93 NIF A-80514466

This document is an English-language version of the Spanish Prospectus. No document other than the Spanish Prospectus which has been approved by the Comisión Nacional del Mercado de Valores may be considered as having any legal effect whatsoever in respect to the Bonds.

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The Appendixes mentioned in the Prospectus have not been translated and are not included in this translation. These Appendixes are available in Spanish upon request from Management Company, and can be found in the Spanish version of the Prospectus.

CHAPTER 0

RELEVANT CIRCUMSTANCES TO CONSIDER ON THE SECURITIES ISSUE OR OFFERING

0.1 Summary of the characteristics of the issued or offered securities covered by this full prospectus and of the procedure for their placement and allocation among investors.

The securities subject of this Issue are Mortgage-Backed Bonds (the "Bonds"), which are being issued against BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA (the "Fund"), on the terms described in the Prospectus. Three Series A, B and C are issued against the Fund.

The following are the main terms and conditions of this Bond Issue:

Security series: Mortgage-Backed Bonds represented by means of book entries.

Issuer: BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA

Upon the organisation of the Fund, the Fund assets shall comprise the Mortgage Certificates issued by BANKINTER, S.A. to be pooled therein.

Ratings: Assigned provisionally by the Rating Agencies Moody's Investors Service España, S.A. ("**Moody's**") and Standard and Poor's España, S.A. ("**S&P**") for each of the Bond Series issued against the Fund, as follows:

Bond Series	Moody's Rating	S&P Rating
Series A	Aaa	AAA
Series B	A2	A+
Series C	Baa3	BBB+

The Rating Agencies expect to assign those provisional ratings as final ratings by the start of the Bond Subscription Period. The Fund organisation, Bond Issue and Mortgage Certificate issue and subscription would otherwise terminate.

The final ratings may be revised, suspended or withdrawn at any time by the Rating Agencies, which would not constitute an early-amortisation event of the Fund.

Amount of the Issue: Face value of EUR 1,322,500,000 (ESP 220,045,485,000), consisting of three Bond Series distributed as follows:

	Face Value per Bond (EUR)	Number of Bonds	Series Total Face Value (EUR)
Series A	100,000.00	12,736	1,273,600,000.00
Series B	100,000.00	337	33,700,000.00
Series C	100,000.00	152	15,200,000.00

Issue Price: 100 percent of the face value of each Bond, clear of taxes and subscription expenses for the subscriber through the Fund.

Interest Rate:

The Bonds in each Series will accrue a nominal annual interest variable quarterly and payable quarterly in arrears on each Payment Date, being the result of applying to the Bonds in all three Series the corresponding nominal interest rate to the Outstanding Principal Balance on each Bond.

Accrual of Interest:

Interest will accrue by Interest Accrual Periods. Every Interest Accrual Period will comprise the days actually elapsed between each Payment Date (January 16, April 16, July 16 and October 16 in every year), including the initial Payment Date, but not including the final Payment Date. The duration of the first Interest Accrual Period shall be equivalent to the days elapsed between the Closing Date, inclusive, and the first Payment Date, to wit January 16, 2002, exclusive.

The nominal interest rate shall be accrued on the actual number of days which have elapsed in each Interest Accrual Period for which it was determined, on the basis of a 360-day calendar year.

Nominal interest rate.

The nominal interest rate shall be the result of adding: (i) the Benchmark Interest Rate (three- (3-) month Euribor, or the Substitute Benchmark Interest Rate) and (ii) a spread for each of the Series:

- 0.26% spread for Series A,
- 0.58% spread for Series B, and
- 1.46% spread for Series C.

all of which shall be rounded up to the nearest thousandth of a percentage point.

The nominal interest rate for each Series shall be set the second Business Day preceding each Payment Date and shall apply for the following Interest Accrual Period.

Exceptionally, the nominal interest rate on the Bonds in each Series for the first Interest Accrual Period shall be set on the second Business Day preceding the Closing Date and shall be notified in writing by the Management Company prior to the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Payment Agent, the AIAF and the Servicio de Liquidación y Compensación de Valores S.A.

Payment of interest and repayment of principal.

Bond interest payment and principal repayment in each Series shall be made quarterly in arrears on each of the Payment Dates, which shall fall on January 16, April 16, July 16 and October 16 in each year or the following Business Day, as the case may be. The first Payment Date shall be January 16, 2002.

In this Bond issue, Business Day shall mean any day other than a Saturday, Sunday, public holiday in Madrid or non-business day in the TARGET calendar.

Payment of amounts due on each Series shall be made on each Payment Date provided that the Fund has sufficient liquidity to do so in the Payment Priority Order described hereinafter.

Redemption price: 100 percent of the face value of each Bond.

Final amortisation of the Bonds:

Final amortisation shall take place on the Final Maturity Date of the Bonds, which shall be October 16, 2038, though the same may nevertheless be subject to an early amortisation on the terms and conditions established in the Prospectus.

Partial amortisation of the Bonds:

Irrespective of the Final Maturity Date, partial amortisations of the Bonds in each Series shall be made on the terms described below.

1. **Amortisation of Series A Bonds.**

   The Series A Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for Series A. The first Payment Date for the amortisation of Series A Bonds shall fall on January 16, 2002.

2. **Amortisation of Series B Bonds.**

   The first amortisation of Series B Bonds shall fall due on the Payment Date after the Payment Date on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds. After that Payment Date, the Available Funds for Amortisation shall be applied to the amortisation of Series A and B and distributed pro rata among the same, thereby for the above ratio between Outstanding Principal Balances of Series A and B Bonds to be kept at 4.46%, or a higher percentage closest thereto. The amortisation of Series B Bonds may however be stopped in certain circumstances for which provision is made in the rules for distributing the Available Funds for Amortisation among the Bonds in each Series in the Fund Payment Priority Order.

   The Series B Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for Series B.

Payment of interest and repayment of principal on the Series B Bonds is deferred with respect to the Series A Bonds, as provided in the Fund Payment Priority Order.

3. Amortisation of Series C Bonds.

The amortisation of Series C Bonds shall begin only when the Series A and B Bonds have been amortised in full.

The Series C Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for Series C.

Payment of interest and repayment of principal on the Series C Bonds is deferred with respect to the Series A and B Bonds, as provided in the Fund Payment Priority Order.

Early amortisation of the Bonds.

Without prejudice to the Fund's obligation, through its Management Company, to amortise the Bonds on the Final Maturity Date or on each partial amortisation, as established in the preceding paragraphs, the Management Company shall be authorised, after notifying the Comisión Nacional del Mercado de Valores, to proceed to an early liquidation of the Fund and hence an early amortisation, on a Payment Date, of the entire Bond issue in the Liquidation Events in accordance with and subject to the requirements established in section III.8.1 of this Prospectus.

Bond subscription and placement procedure.

Lead Managers:	· CRÉDIT AGRICOLE INDOSUEZ Branch in Spain · DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain · BANKINTER, S.A.
Underwriters and Placement Agents:	· CRÉDIT AGRICOLE INDOSUEZ Branch in Spain · DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain · EBN BANCO, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS S.A. · J.P. MORGAN SECURITIES LTD. · SALOMON BROTHERS INTERNATIONAL LTD. · SOCIÉTÉ GÉNÉRALE BRANCH IN SPAIN

Nevertheless, J.P. MORGAN SECURITIES LTD. shall not engage in any marketing activity or place Bonds in Spanish territory.

Placement Agent:	· BANKINTER S.A.

Investors to whom the Bonds are offered.

The placement of the Bond Issue is targeted to institutional investors.

Subscription Period.

The Subscription Period shall commence at 12 o'clock noon Madrid time on October 23, 2001 and end at 5pm Madrid time on October 24, 2001.

Manner and date of paying up.

The investors to whom the Bonds are allocated shall pay the Underwriters and Placement Agents or the Placement Agent by 1pm Madrid time on October 25, 2001 ("Closing Date"), same day value, the relevant issue price for each Bond allocated for subscription.

Secondary Bond-Trading Market: AIAF MERCADO DE RENTA FIJA.

The Management Company agrees that final listing of the Bonds in that market shall take place no later than one month after the Closing Date.

0.2 Considerations regarding the activities, financial position and most relevant circumstances of the issuer described in this full prospectus.

0.2.1 Brief review of the Fund's activity

The Bonds subject of this Issue are issued against BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, organised in accordance with Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds.

In accordance with this Act, the Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled therein upon being organised and its liabilities comprising the Bonds issued and the Starting Expenses Loan, thereby for the net worth of the Fund to be nil. Additionally, the Fund has arranged for a Subordinated Credit the undrawn principal balance of which shall be reported in memorandum accounts. Pursuant to Act 19/1992, the Fund shall be managed and represented by the Management Company that set up the Fund.

The Management Company.

The Management Company that has organised and therefore whose duty it is to manage and represent the Fund, and defend the interests of Bondholders, is EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

Consequently, the Management Company shall safeguard at all times the interests of the Bondholders, making its actions conditional on defending the Bondholders and observing the provisions statutorily established for that purpose. Bondholders shall have no right of action against the Fund Management Company, other than for a breach of its duties or a failure to observe the provisions of the Organisation Deed.

The Management Company shall notify the Bondholders of all and any circumstances that may be relevant to them, by publishing appropriate notices on the terms established in sections III.5.2 and III.5.3 of the Prospectus.

The Management Company may be substituted on the terms and in the events provided in the Prospectus.

The Mortgage Certificates pooled in the Fund.

The Fund shall pool Mortgage Certificates wholly issued by BANKINTER, S.A. upon the organisation of the Fund.

The Mortgage Certificates refer to a 100 percent share in the principal, ordinary and late-payment interest on each Participated Mortgage Loan, and in all and any other amounts, assets or rights originating in the Participated Mortgage Loans, excluding the fees established in each of the Participated Mortgage Loans which shall remain for the benefit of BANKINTER.

The issue price of the Mortgage Certificates is at par with the face value of the capital or principal of the Participated Mortgage Loan.

The total face value of the issue of Mortgage Certificates shall be at least equal to the aggregate amount of the Bond Issue.

The Participated Mortgage Loans are part of a selection of mortgage loans whose characteristics are described in the Prospectus. The outstanding principal on the 19,868 mortgage loans selected at October 2, 2001 amounted as at that date to ESP 227,667,141,036 (EUR 1,368,307,075.33).

The Fund's rights resulting from the Mortgage Certificates will all be linked to the payments made by the obligors of the Participated Mortgage Loans and shall therefore be directly affected by their evolution, delays, prepayments or any other incident related thereto.

In accordance with article 5.8 of Act 19/1992, BANKINTER shall not bear the risk of delinquency on the Mortgage Certificates and shall therefore have no liability whatsoever for delinquency of the mortgagors, whether of principal, interest or any other amount they may owe under the Participated Mortgage Loans. It will not take on any other responsibility whatsoever to directly or indirectly guarantee that the transaction will be successful, nor give any guarantees or securities, nor indeed agree to replace or repurchase the Mortgage Certificates, other than if any of the Mortgage Certificates should fail to conform to the representations set down in section IV.1.a) of this Prospectus and the specific characteristics BANKINTER may have communicated to the Management Company, due to a failure by the Participated Mortgage Loan underlying that Mortgage Certificate to so conform.

Ordinary priority rules in payments by the Fund.

Applicable from the Closing Date until liquidation of the Fund.

The Available Funds shall be applied to meeting payment or withholding obligations falling due on each Payment Date in the following order of priority (the "**Payment Priority Order**"), irrespective of the time of accrual, other than the application 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 and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the same, and all other expenses and servicing fees, including those derived from the Payment Agency Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made in favour of the Servicer and in relation to the Servicing Agreement in this order.

2. Payment of the Swap Agreement amount and in the event of termination of that Agreement following a breach by the Fund, payment of the Amount payable by the Fund comprising the settlement payment.

3. Payment of interest due on the Series A Bonds.

4. Payment of interest due on the Series B Bonds.

5. Payment of interest due on the Series C Bonds.

6. Withholding an amount sufficient for the Reserve Fund to be kept at the Minimum Level.

   This application will only be effected if the Reserve Fund is ever established upon the Subordinated Credit being fully drawn down.

7. Amortisation of the principal of the Series A, Series B and Series C Bonds in accordance with the rules for calculating the Available Funds for Amortisation and distribution among the three Series established hereinafter.

8. Payment of interest due on the Subordinated Credit.

   This application shall not be effected if the Subordinated Credit is fully drawn down to establish the Reserve Fund referred to in the application in 6^{th} place.

9. Repayment of the principal drawn on the Subordinated Credit.

   This application shall not be effected if the Subordinated Credit is fully drawn down to establish the Reserve Fund referred to in the application in 6^{th} place.

10. Payment of interest due on the Starting Expenses Loan.

11. Repayment of the principal of the Starting Expenses Loan.

12. Payment of interest due on the Subordinated Credit.

    This application shall be effected if the Subordinated Credit is fully drawn down to set up the Reserve Fund.

13. Repayment of the principal of the Subordinated Credit in the amount of the reduction, as the case may be, of the Minimum Level for the Reserve Fund if it is ever set up.

    This application shall be effected if the Subordinated Credit is fully drawn down to set up the Reserve Fund.

14. Payment to the Servicer under the Servicing Agreement of the fee for servicing the Participated Mortgage Loans.

In the event that BANKINTER should be replaced as Servicer of the Participated Mortgage Loans by another institution, payment of the servicing fee accrued by a third party, to wit the new servicer, shall take the place of paragraph 6 above, and the order of priority of successive payments contained under paragraphs 6 et seq. will consequently be changed.

15. Payment of the variable remuneration established in the Broking Agreement.

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

Available Funds for Amortisation on each Payment Date and Amortisation Deficit.

On each Payment Date the amount to be allocated for the amortisation of Bonds ("Available Funds for Amortisation") shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the Available Funds remaining after deducting the amounts applied to the items ranked from 1^{st} to 6^{th} place in the payment priority order.

The Amortisation Deficit on a Payment Date will be the positive difference, if any, between the sum of item a), as established in the preceding paragraph, and the Available Funds for Amortisation, which Funds shall be reduced in the amount drawn down on the Subordinated Credit on the Payment Date for that application. If there should be an Amortisation Deficit, then in connection with the Amortisation of Series B Bonds, the Available Funds for Amortisation shall be fully allocated to the Amortisation of Series A Bonds.

Distribution of the Available Funds for Amortisation among the Bonds in each Series.

Those Available Funds for Amortisation of Bonds shall be distributed among the three Series for their amortisation in accordance with the following rules:

1. Up to the first Payment Date (inclusive) on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds, the Available Funds for Amortisation shall be fully used for the amortisation of Series A Bonds.

2. From the Payment Date after the date on which the above ratio is equal to or greater than 4.46%, the Available Funds for Amortisation shall be applied to the amortisation of Series A and B, proportionally among the same, thereby for the above ratio between Outstanding Principal Balances of Series A and B Bonds to be kept at 4.46%, or a higher percentage closest thereto.

3. The amortisation of Series C Bonds shall begin once the Series A and B Bonds have been fully amortised, until they are fully amortised.

In connection with the Amortisation of Series B Bonds, and even if all of the events provided in the above rules are met, there will be no such amortisation if either of the following two circumstances occur on the relevant Determination Date:

a) In the event that the amount of the sum of the Outstanding Balance, as defined in section II.11.3.2.1.4, on Mortgage Certificates with an arrears equal to or greater than ninety (90) days on the Determination Date preceding the ongoing Payment Date should be equal to or greater than 6.00% of the Outstanding Balance of the Mortgage Certificates on that same date, the Available Funds for Amortisation shall all be allocated to the amortisation of Series A Bonds.

b) In the event that there should be an Amortisation Deficit, as described above, the Available Funds for Amortisation shall also all be allocated to the amortisation of Series A Bonds.

Termination of the Fund.

The Fund shall terminate in the following events:

(i) Upon the Mortgage Certificates pooled therein being fully amortised.

(ii) In the early liquidation procedure for which provision is made in section III.8.1.

(iii) At all events, on the Final Maturity Date established for the final amortisation of the Bonds.

Early liquidation.

The Management Company shall be authorised, after notifying the Comisión Nacional del Mercado de Valores, to proceed to an early liquidation of the Fund and thereby to an early amortisation on a Payment Date of the entire Bond issue, when the Outstanding Balance of the Mortgage Certificates pending amortisation is less than 10 per 100 of the initial Outstanding Balance, in accordance with the authorisation established in article 5 of Act 19/1992, in addition to the other Early-Liquidation Events contained in section III.8.1, and subject to the same requirements and procedures contained in said section.

A requirement for such early liquidation of the Fund to go ahead shall be that the payment obligations derived from the Bonds issued against the Fund may be fully met and settled, or otherwise that, before putting in place the early liquidation of the Fund, the Management Company call the Bondholders exclusively for informative purposes. Payment obligations derived from the Bonds on the date of early liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the Bonds on that date plus interest accrued and not paid since the last Payment Date until the date of early amortisation, deducting the tax withholding, as the case may be, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

Financial transactions arranged on behalf of the Fund.

In order to enhance the safety of or regularity in payment of the Bonds, cover the timing differences between the scheduled principal and interest flows on the Mortgage Certificates and the Bonds, or, generally, transform the financial characteristics of the Bonds issued, and supplement management of the Fund, the Management Company shall, on behalf of the Fund, upon the execution of the Organisation Deed, proceed to formally enter into the following agreements:

(i) Guaranteed Interest Rate Account (Treasury Account) Agreement.

(ii) Subordinated Credit Agreement.

(iii) Starting Expenses Loan Agreement.

(iv) Interest Swap Agreement.

(v) Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement.

(vi) Bond Issue Management, Underwriting and Placement Agreement.

(vii) Bond Payment Agency Agreement.

(viii) Broking Agreement.

In order for the operation of the Fund to meet the terms set in the Organisation Deed and in the laws in force from time to time, the Management Company, acting for and on behalf of the Fund, may extend or amend the agreements entered into on behalf of the Fund, substitute each of the Fund service providers under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores or competent administrative body, and to notice being served on the relevant Rating Agencies, provided that such actions do not detract from the interests of Bondholders.

0.2.2 National laws governing the securities and jurisdiction in the event of litigation.

The organisation of the Fund and the Bond issue are subject to Spanish Law, as prescribed by Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, Securities Market Act 24/1988, July 28, as amended by Act 37/1998, November 16, and as prescribed by Royal Decree 291/1992, March 27, on Issues of and Public Offerings for the Sale of Securities, as amended by Royal Decree 2590/1998, December 7, on the amendment of the legal system of securities markets, and the Order dated July 12, 1993 on Prospectuses and Other Implementations of Royal Decree 291/1992, March 27, and Comisión Nacional del Mercado de Valores Circular 2/1994, March 16.

All matters, disagreements, actions and claims deriving from the Management Company's organisation, administration and legal representation of BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue by the same, shall be heard and decided by the competent Spanish Courts and Tribunals.

The Organisation Deed shall be governed by and construed in accordance with Spanish laws.

0.2.3 Risks inherent in the Bonds.

(i) Risk of delinquency on the Mortgage Certificates: the holders of Bonds issued against the Fund shall have the risk of delinquency of the Mortgage Certificates pooled therein. Under article 5.8 of Act 19/1992, BANKINTER does not bear with the risk of delinquency on the Mortgage Certificates and shall not therefore be howsoever liable for mortgagor delinquency of either principal, interest or any other amount owing by the mortgagors under the Participated Mortgage Loans.

(ii) Early-amortisation risk of the Mortgage Certificates: there will be an early amortisation of the Mortgage Certificates pooled in the Fund when the borrowers of the Participated Mortgage Loans prepay the portion of principal pending repayment, on the terms set in each of the loan deeds. Similarly, there will be a full amortisation of the Mortgage Certificates in the event that BANKINTER should be substituted in the relevant Participated Mortgage Loans by another financial institution licensed to do so.

The risk of that early amortisation shall pass quarterly on each Payment Date to the holders of the Bonds upon their partial amortisation.

(iii) Limited Hedging: an investment in the Bonds may be affected, inter alia, by a downturn in general economic conditions adversely affecting payments of the Mortgage Loans backing the Bond issue of the Fund. A high level of delinquency might reduce or indeed eliminate the hedging against losses in the loan portfolio that the Bonds have as a result of the existence of the credit enhancement transactions described in the Prospectus.

(iv) Limited Liability: the Bonds issued by the Fund neither represent nor stand as an obligation of the Management Company or of BANKINTER. The cash flow generated by the Mortgage Certificates used to meet the obligations deriving from the Bonds is assured or guaranteed only in the specific events and up to the limits referred to in the Prospectus. No guarantees other than these are given by any public or private institution, including among them BANKINTER, the Management Company and any of their affiliated or subsidiary companies.

(v) Limited 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.

(vi) Yield: prepayment of the Participated Mortgage Loans is influenced by a number of geographic, economic and social factors such as obligors' age, seasonality, market interest rates and unemployment, preventing their predictability. The calculation of the internal rate of return, average life and Duration of the Bonds given in the Prospectus is based on assumed prepayment rates that may not be fulfilled.

(vii) Late-payment interest: The late payment of interest or repayment of principal to the Bondholders shall under no circumstances result in late-payment interest accruing to their favour.

(viii) Neither the Fund nor the Bondholders shall have any right of action respectively against the institution issuing the Mortgage Certificates or against the Management Company other than as derived from breaches of their respective duties and hence at no event as a result of the existence of default or early amortisation.

CHAPTER I

PERSONS TAKING RESPONSIBILITY FOR AND BODIES SUPERVISING THE CONTENTS OF THE PROSPECTUS

I.1 Persons taking responsibility for the contents of the Prospectus.

I.1.1 Full name, Spanish identity or personal identification document number and position or powers of the individual(s) taking responsibility for the contents of the Prospectus on behalf of the Management Company.

Mr MARIO MASIÁ VICENTE, of full age, who holds Spanish Tax Identification number 50,796,768-A, acting as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, and using the authorities conferred by the Board of Directors and the Board's Executive Committee at their meetings respectively held on January 19, 1993, January 28, 2000 and September 13, 2001, takes responsibility for the contents of this Prospectus.

EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, with registered office at Madrid, Calle Lagasca number 120, having VAT Reg. no. A-80514466, sponsors BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA (the "**Fund**"), and shall be responsible for managing and legally representing the same.

I.1.2 Specification that the above-mentioned individual(s) believe(s) that the information contained in the Prospectus is truthful and that no fact has been omitted that might alter its scope.

Mr MARIO MASIÁ VICENTE confirms that the facts and figures contained in the Prospectus are truthful and that no relevant detail has been omitted nor has misleading information been included.

I.2 Supervisory Bodies.

The organisation of the Fund and issue of the Mortgage-Backed Bonds (hereinafter also the "**Bonds**") are subject to the condition precedent of their verification and registration in the Official Registers of the Comisión Nacional del Mercado de Valores.

This full Prospectus regarding the organisation of the Fund and the issue of the Bonds was verified and entered in the Official Registers of the Comisión Nacional del Mercado de Valores on October 19, 2001.

Positive verification and consequently registration of the Prospectus by the Comisión Nacional del Mercado de Valores does not imply recommending subscription for or purchase of the securities referred to therein, nor indeed any statement whatsoever as to the solvency of the issuer or yield of the issued or offered securities.

I.3 Name, address and qualifications of the auditors who have verified the number, amount and characteristics or features of the assets securitised through the Fund.

Appendix V to this Prospectus contains the Audit Report on a selection of mortgage loans in the portfolio of BANKINTER, S.A., part of which are the Participated Mortgage Loans to be assigned through the issue of the Mortgage Certificates. That Report was prepared by the firm PRICEWATERHOUSECOOPERS AUDITORES, S.L., entered in the Official Register of Auditors (ROAC) under number S0242 and having its registered office in Madrid, Paseo de la Castellana, 43.

In addition to other matters, that Report deals with verifying fulfilment of the terms required by Act 2/1981, March 25, for the issue of Mortgage Certificates. BANKINTER shall not include the loans with errors detected upon verifying the sample for issuing the Mortgage Certificates.

That audit was made using sampling techniques consisting of analysing a number of loans less (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 features regarding the sample loans and specifically regarding: purpose of the loan, identification of the borrower, address of the mortgaged property, date of perfection, date of maturity, initial amount, current balance, interest rate applied, benchmark interest rate or index, appraised value, ratio present balance/appraised value, arrears in payments, property damage insurance and mortgage security.

BANKINTER, S.A. agrees in accordance with the provisions of section IV.1.d) of this Prospectus that, if in spite of its own enquiries and those of the above-mentioned auditor, the existence of any Participated Mortgage Loan not fully observing the representations contained in section IV.1.a) of this Prospectus and the specific characteristics of the Participated Mortgage Loans BANKINTER shall have communicated to the Management Company should be detected, then it will forthwith replace the relevant Mortgage Certificate or proceed to an early amortisation thereof, as the case may be, in accordance with the provisions of section IV.1.d).

CHAPTER II

INFORMATION REGARDING THE SECURITIES ISSUED AGAINST THE MORTGAGE SECURITISATION FUND

II.1 Information on prerequisites and resolutions necessary for the Fund to be organised and on the securities issued against the Fund, and also on the terms for the Fund to acquire the assets (Mortgage Certificate Participated Mortgage Loans) subject of the securitisation process.

II.1.1 Issue resolutions and statutory requirements.

a) Corporate resolutions.

Resolution to issue the Mortgage Certificates:

The Board of Directors of BANKINTER, S.A. ("**BANKINTER**"), held on June 13, 2001, resolved to authorise the issue of Mortgage Certificates (the "**Mortgage Certificates**") to be fully subscribed for by the Fund forthwith upon being organised. The characteristics of the issue of Mortgage Certificates pooled in the Fund are described in Chapter IV.1. Attached as Appendix II to this Prospectus is a photocopy of the Transcript of the Resolutions of BANKINTER'S Board of Directors.

Resolution to organise the Fund:

At its meeting dated September 13, 2001, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**") resolved to organise BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA in accordance with the legal system provided by Act 19/1992, to subscribe for the Mortgage Certificates issued by BANKINTER and to issue the Bonds against the Fund. Attached as Appendix III hereto is a photocopy of the Transcript of the Resolutions of the Executive Committee of the Management Company's Board of Directors.

b) Execution of the Fund Organisation Deed.

Upon the Comisión Nacional del Mercado de Valores verifying and registering this Prospectus and by October 23, 2001, without the Bond subscription period having yet begun, the Management Company along with BANKINTER, issuer of the Mortgage Certificates to be subscribed for by Fund, shall proceed to execute a public deed whereby BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA will be organised, the Mortgage Certificates will be issued and subscribed for and the Mortgage-Backed Bonds will be issued (the "**Organisation Deed**"), on the terms provided in Act 19/1992.

The following will essentially be the contents of the Organisation Deed: (i) the Mortgage Certificates pooled in the Fund will be identified, (ii) the contents of the Bonds to be issued will be precisely defined and (iii) the rules to be observed by the Fund will be set and the operations that the Management

Company may carry out on behalf of the Fund will be established in order to enhance the safety of or regularity in payment of the Bonds and cover timing differences between the scheduled flows of principal and interest on the Mortgage Certificates and on the Bonds. In this sense, the Organisation Deed shall provide that the Fund may, through its Management Company, enter into the agreements specified in section V.3 of the Prospectus.

Said Organisation Deed shall be submitted to the Comisión Nacional del Mercado de Valores to be entered in the public registers before the Bond Subscription Period begins.

II.1.2 Information on prerequisites and resolutions for listing on the Stock Exchange or on an organised secondary market.

In accordance with article 5.9 of Act 19/1992, the Bonds issued against the Fund shall be exclusively represented by means of book entries and the Fund Organisation Deed shall have the effects provided in article 6 of the Securities Market Act. The Management Company shall, for and on behalf of the Fund, forthwith upon the execution of the Organisation Deed, apply for the issue to be included in the Servicio de Compensación y Liquidación de Valores, S.A. and, once the Bonds have been paid up, for this Bond issue to be included in AIAF Mercado de Renta Fija ("**AIAF**").

II.2 Administrative authorisation prior to the issue or offering, specifying resultant details or restrictions. Specification of the warnings and considerations made by the Comisión Nacional del Mercado de Valores in accordance with the provisions of article 1.9 of the Economy and Finance Ministry's Order dated July 12, 1993 on Prospectuses.

No prior administrative authorisation other than the prior verification and registration of the Prospectus by the Comisión Nacional del Mercado de Valores is required.

The Comisión Nacional del Mercado de Valores has made no warning or consideration concerning the organisation of the Fund and issue of the Bonds.

II.3 Assessment of the risk inherent in the securities issued against the Fund by a rating firm recognised by the Comisión Nacional del Mercado de Valores.

Act 19/1992 requires that a rating firm recognised by the Comisión Nacional del Mercado de Valores assess the credit risk of the Bonds issued against the Fund.

The Management Company has entrusted the valuation of the credit risk of the Bonds to Moody's Investors Service España, S.A. (hereinafter also "**Moody's**") and Standard & Poor's España, S.A. (hereinafter also "**S&P**"), which rating firms (hereinafter jointly the "**Rating Agencies**") are recognised by the Comisión Nacional del Mercado de Valores, for the purposes of the provisions of article 5.8 of Act 19/1992, and operate respectively in accordance with the methodology, standards and quality control of Moody's Investors Service Limited and Standard & Poor's.

On October 15, 2001 Moody's assigned the following provisional ratings to each of the Bond Series, and expects to assign the same final ratings before the Bond Subscription Period begins. Appendix IV to this Prospectus contains a copy of the letter from Moody's notifying the provisional ratings assigned.

Bond Series	Moody's Rating
Series A	Aaa
Series B	A2
Series C	Baa3

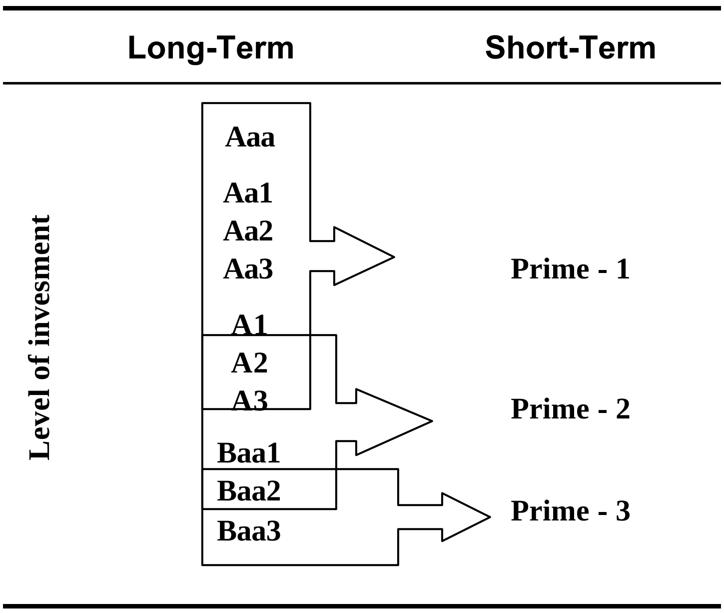
On October 18, 2001 S&P assigned the following provisional ratings to each of the Bond Series, and expects to assign the same final ratings before the Bond Subscription Period begins. Appendix IV to this Prospectus contains a copy of the letter from S&P notifying the provisional ratings assigned.

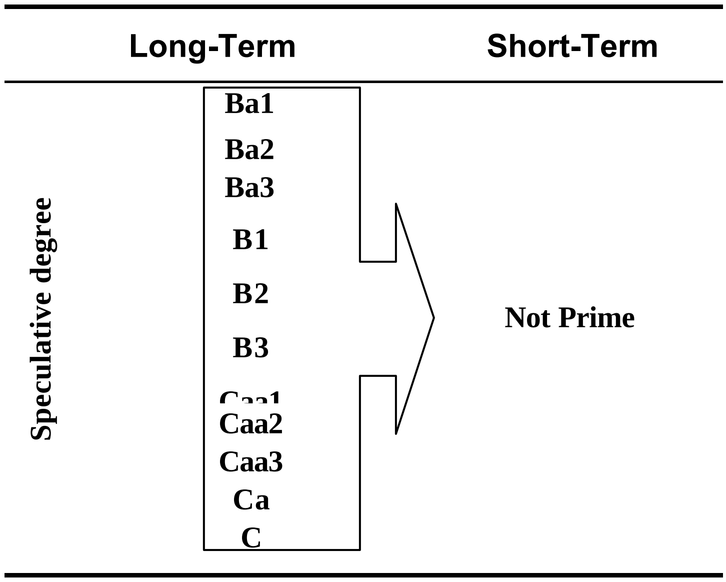
Bond Series	S&P Rating
Series A	AAA
Series B	A+
Series C	BBB+

If by the start of the Subscription Period the Rating Agencies should fail to confirm the assigned provisional ratingsas final ratings, this circumstance would forthwith be notified to the Comisión Nacional del Mercado de Valores and be publicised in the manner for which provision is made in section III.5.3.c). Furthermore, this circumstance would result in the Fund organisation, Bond Issue and Mortgage Certificate issue and subscription being terminated.

Ratings given by Moody's.

The following are Moody's rating scales for long- and short-term debt issues:



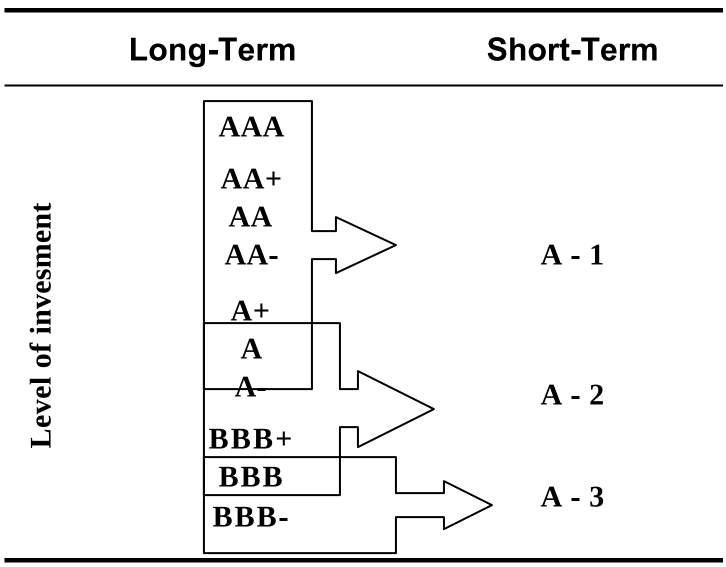


Moody's Investors Service Limited applies number modifiers 1, 2 and 3 to each long-term rating category comprised between Aa and Caa, inclusive. Modifier 1 indicates securities on the top range of the rating category, modifier 2 indicates the medium range and modifier 3 bottom range securities.

Moody's Investors Service Limited assigns an **Aaa** rating to debt issues with very strong interest payment and repayment capacity, an **A2** rating to debt with strong interest payment and principal repayment capacity and **Baa3** to debt with adequate interest payment and principal repayment capacity, though the latter two are somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than the higher-rated debt.

Ratings given by S&P.

The following are *S&P's* rating scales for long- and short-term debt issues:



	Long-Term	Short-Term
Speculative degree	**BB+** **BB** **BB-** **B+** **B** **B-** **CCC+** **CCC** **CCC-** **CC** **C** **D**	

Long-Term:

AAA An obligor rated "AAA" has extremely strong capacity to meet its financial commitments. "AAA" is the highest rating assigned by S&P.

AA An obligor rated "AA" has very strong capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree.

A An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors with higher-rated categories.

BBB An obligor rated "BBB" has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Obligors rated "BB", "B", "CCC" and "CC" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "CC" the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB An obligor rated "BB" is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

Ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Short-Term

A-1 An obligor rated “A-1” has strong capacity to meet its financial commitments. It is rated in the highest category by S&P. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitments is extremely strong.

A-2 An obligor rated “A-2” has satisfactory capacity to meet its financial commitments. However, the relative degree of safety is not as high as in obligors rated “A-1”.

A-3 An obligor rated “A-3” has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Rating considerations.

The rating is the Rating Agencies’ opinion about the credit risk, the capacity to meet payments of interest as they fall due on each set Payment Date and of the principal of the issue on the Final Maturity Date. The rating takes into account the structure of the Bond issue, its legal aspects and the issuing Fund, the characteristics of the mortgage loans selected for issuing the Mortgage Certificates and the regularity and continuity of the operating flows.

The Rating Agencies’ ratings are not an assessment of the likelihood of mortgagors 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 revision 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 at 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 final ratings assigned may be revised, suspended or withdrawn at any time by the Rating Agencies, based on any information they may come to know. Those events, which shall not constitute early-liquidation events of the Fund, shall forthwith be notified to both the Comisión Nacional del Mercado de Valores and the Bondholders, in accordance with the provisions of section III.5.3.

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by the Management Company, auditors, lawyers and other experts.

Undertakings by the Management Company.

The Management Company, on behalf of the Fund, agrees to report regularly to the Rating Agencies as to the status of the Fund and the performance of the Mortgage Certificates. It shall also report when reasonably required to do so and in any event whenever there is a change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the parties concerned.

II.4 Nature and denomination of the securities offered specifying the issue or series number.

The amount of the issue of mortgage-backed bonds (the "**Bond Issue**" and the "**Bonds**") totals a face value of EUR one billion three hundred and twenty-two million five hundred thousand (1,322,500,000.00) (ESP 220,045,485,000), and the issue comprises three Series (Series A, Series B and Series C).

Those Bonds are covered by Act 19/1992, and legally qualify as standard homogeneous fixed-income securities that are consequently transferable on organised stock exchanges, and the legal and financial configuration of the Fund therefore differs from investment funds.

II.4.1 Legal system of the securities, specifying the procedures guaranteeing the certainty and effectiveness of the rights of their first and subsequent holders. Servicing implications in each of the series of securities issued against the Fund of the compulsory connection between the schedule of principal and interest payments on those securities and the cash flows of the assets securitised through the Fund.

The organisation of the Fund and the Bond Issue against the same are carried out pursuant to Act 19/1992.

Bondholders will be identified as such when entered in the accounting record kept by the Servicio de Compensación y Liquidación de Valores, S.A., as provided by section II.5 of this chapter, and the relevant clearing member may issue certificates of title when so requested by the Bondholder and at the Bondholder's expense; the provisions of Title I, Chapter I, section four of the Book Entries Royal Decree will apply in this connection.

The Bonds may be freely conveyed by any means admissible at Law. A transfer in the accounts will convey the ownership of each Bond. The effects of entering the conveyance to the transferee shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

The Bondholders are bound in respect of Bond interest payment and principal repayment by the Fund Payment Priority Order.

In order to cover timing differences between the scheduled flows of repayment of principal and interest on the Mortgage Certificates and on the Bonds issued against the Fund, the Management Company, on behalf of the Fund, shall enter into a Treasury Account and Guaranteed Interest Rate Account Agreement with BANKINTER whereby the amounts received by the Fund from the Mortgage Certificates, both as repayment of principal and interest, as well as the amounts referred to in section V.3.1 of the Prospectus, will be invested until the next Bond Payment Date, on which the principal repayment and interest payment on the Bonds shall fall due.

II.4.2 Other implications and risks that might, due to the legal and economic nature of the assets pooled in the Fund, affect servicing of the securities issued against the Fund as a result of the process for securitising those assets.

a) Risk of delinquency of the Mortgage Certificates:

In accordance with the provisions of article 5.8 of Act 19/1992, the holders of Bonds issued against the Fund shall bear with the risk of delinquency of the Mortgage Certificates pooled therein.

Consequently, BANKINTER shall have no liability whatsoever for the mortgagors' delinquency of principal, interest or any other amount they may owe under the Participated Mortgage Loans. It will not take on any other responsibility whatsoever to directly or indirectly guarantee that the transaction shall be successful, nor give any guarantees or securities, nor indeed agree to repurchase the Mortgage Certificates, other than where any of the relevant Mortgage Certificates or Participated Mortgage Loans fail to conform to the representations contained in section IV.1.a) of this Prospectus, and the specific characteristics of the Participated Mortgage Loans notified by BANKINTER to the Management Company.

b) Early-amortisation risk of the Mortgage Certificates:

There will be an early amortisation of the Mortgage Certificates pooled in the Fund when the borrowers of the Participated Mortgage Loans prepay the portion of principal pending repayment, on the terms set in each of the loan deeds. Similarly, there will be a full amortisation of the Mortgage Certificates in the event that BANKINTER should be substituted in the relevant Participated Mortgage Loans by another financial institution licensed to do so, subject to Act 2/1994, March 30, on substitution and amendment of mortgage loans ("**Act 2/1994**").

That early-amortisation risk shall pass quarterly on each Payment Date to the Bondholders upon the partial amortisation of the Bonds, in accordance with the provisions of section II.11.3.2 of this Prospectus.

c) Other considerations:

Limited hedging.

An investment in the Bonds may be affected, inter alia, by a downturn in general economic conditions adversely affecting payments of the Participated Mortgage Loans backing the Bond issue of the Fund. A high level of delinquency might reduce or indeed eliminate the hedging against losses in the loan portfolio that the Bonds have as a result of the existence of the credit enhancement transactions described in section V.3 of this Prospectus.

Limited liability.

The Bonds issued by the Fund neither represent nor stand as an obligation of the Management Company or of BANKINTER. The cash flow generated by the Mortgage Certificates used to meet the obligations deriving from the Bonds is assured or guaranteed only in the specific events and up to the limits referred to in the Prospectus. No guarantees other than these are given by any public or private institution whatsoever, including among the same BANKINTER, the Management Company and any of their affiliated or subsidiary companies.

In the Organisation Deed, BANKINTER will make a number of representations and warranties as to the characteristics of the Loans and the Mortgage Certificates, as to the existence of the Loans and the mortgage securities related thereto, and the absence of any obstacle whatsoever for issuing the Mortgage Certificates and that they conform to the characteristics of the Loans defined therein. In any event, BANKINTER does not guarantee the solvency of the Loan obligors. Furthermore, these guarantees do not allow the Bondholders to enforce against BANKINTER any right whatsoever they may have against the Fund, the Management Company being the only institution authorised to represent the Bondholders in relations with third parties or in any legal action related to the Fund.

Limited 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.

Furthermore, the Fund may at no event repurchase the Bonds from their holders, though they may be fully subject to early amortisation in the event of early liquidation of the Fund when the Outstanding Balance of the Mortgage Certificates pending amortisation is less than 10% of the initial Outstanding Balance, on the terms established in section III.8.1 of this Prospectus.

Yield.

Prepayment of the Participated Mortgage Loans is influenced by a number of geographic, economic and social factors such as obligors' age, seasonality, market interest rates and unemployment, preventing their predictability.

Calculation of the internal rate of return, average life and duration of the Bonds given in the Prospectus is based on assumed prepayment rates that may not be fulfilled.

Late-payment interest.

The late payment of interest or repayment of principal to the Bondholders shall under no circumstances result in late-payment interest accruing to their favour.

II.5 Form of representation and name and place of business of the institution in charge of the accounting record.

The Bonds issued against the Fund will be exclusively represented by means of book entries, in accordance with the provisions of article 5.9 of Act 19/1992, and will become such bonds when entered in the appropriate accounting record. In this connection, and for the record, the Organisation Deed shall have the effects prescribed by article 6 of the Securities Market Act.

Bondholders shall be identified as such when entered in the accounting record kept by the clearing members of the Servicio de Compensación y Liquidación de Valores, S.A., which shall be the institution designated in the Organisation Deed 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 book entries, now established or approved in the future by Servicio de Compensación y Liquidación de Valores, S.A. Such designation shall be entered in the Official Registers of the Comisión Nacional del Mercado de Valores.

Servicio de Compensación y Liquidación de Valores, S.A., has its place of business at calle Orense, no. 34, Madrid.

II.6 Face amount of the securities altogether issued against the Fund, number of securities comprised and their numbering, as the case may be, itemised by the various constituent series.

The amount of the Bond Issue totals a face value of EUR one billion three hundred and twenty-two million five hundred thousand (1,322,500,000.00) (ESP 220,045,485,000), and consists of three Bond Series distributed as follows:

i) Series A for a total face value of EUR one billion two hundred and seventy-three million six hundred thousand (1,273,600,000) (ESP 211,909,209,600) comprising twelve thousand seven hundred and thirty-six (12,736) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

ii) Series B for a total face value of EUR thirty-three million seven hundred thousand (33,700,000) (ESP 5,607,208,200) comprising three hundred and thirty-seven (337) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

iii) Series C consisting of a single Series C for a total face value of EUR fifteen million two hundred thousand (15,200,000) (ESP 2,529,067,200) comprising one hundred and fifty-two (152) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

Payment of interest and repayment of principal on the Series B and C Bonds is deferred with respect to the Series A Bonds, as provided in the Fund Payment Priority Order.

Payment of interest and repayment of principal on the Series C Bonds is deferred with respect to the Series A and B Bonds, as provided in the Fund Payment Priority Order.

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

II.7 Face and actual amounts of each security, specifying, where it exists, the issue premium expressed in proportion to the face value and in monetary certificates per security. Currency in which each of the Series of securities issued against the Fund is denominated.

The Bonds are issued at 100 percent of their face value. The Bond issue price in each of Series A, B and C shall be EUR one hundred thousand (100,000) (ESP 16,638,600) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes attaching to the Bond issue shall be borne by the Fund.

II.8 Fees and related expenses of every description that must be borne by the investors upon subscribing for the securities issued against the Fund.

The Fund, as Bond issuer, shall neither shift to nor charge the investor any expense item whatsoever for subscribing for the Bonds.

II.9 Specification, as appropriate, of the existence, as the case may be, of fees to be borne by the holders of the securities issued against the Fund, mandatorily represented as book entries, for entering and maintaining a balance.

The expenses of including the Bond issue in the accounting record of Servicio de Compensación y Liquidación de Valores, S.A. shall be borne by the Fund and may not be shifted to the Bondholders. This institution has established no fee whatsoever for maintaining a balance.

In accordance with the laws in force for the time being, the members of said Service may nevertheless establish such fees and expenses to be charged to the Bondholder, for managing securities, as they may freely determine, and duly notified to the Banco de España or the Comisión Nacional del Mercado de Valores, being their supervisory bodies.

II.10 Interest rate clause:

II.10.1 Nominal interest rate.

The Bonds in each Series shall accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the standards established hereinafter.

Said resultant yearly nominal interest rate (hereinafter "nominal interest rate") shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series, provided that the Fund has sufficient liquidity in the Payment Priority Order.

The withholdings, contributions and taxes established or to be established in the future on the principal, interest or return of the Bonds, shall be borne exclusively by the Bondholders, and their amount shall be deducted, as the case may be, by the Management Company, for and on behalf of the Fund, as provided by law.

a) Interest accrual.

The duration of this issue shall be divided into successive Interest Accrual Periods comprising the days actually elapsed between each Payment Date, each Interest Accrual Period including the initial Payment Date but not including the final Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the days elapsed between the Closing Date, inclusive, and the first Payment Date, to wit January 16, 2002, exclusive.

The nominal interest rate shall accrue on the days actually elapsed in each Interest Accrual Period for which it was determined, calculated based upon a 360-day year.

b) Nominal interest rate.

The nominal interest rate applicable to each of the Series and determined for each Interest Accrual Period shall be the result of adding: (i) the Benchmark Interest Rate, as established in section c) below, and (ii) the following spreads for each Series:

- 0.26 % for Series A,
- 0.58 % for Series B,
- 1.46 % for Series C;

the foregoing rounded up to the nearest thousandth of a percentage point.

c) Benchmark Interest Rate and determining the same.

i) The Benchmark Interest Rate for determining the nominal interest rate applicable to each of the Bond Series is Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, with a three- (3-) month maturity, fixed at 11am (CET time "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.

Said Euribor rate is currently the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied 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.

ii) In the event that the rate established in section (i) above should not be available or be impossible to obtain, the substitute Benchmark Interest Rate shall be the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable deposit transactions in euros with a three- (3-) month maturity, on the Interest Rate Fixing Date, declared by the banks listed below, following a simultaneous request to each of them:

- Banco Bilbao Vizcaya Argentaria, S.A. (Madrid).
- Banco Popular Español, S.A. (Madrid).
- Banco Santander Central Hispano , S.A. (Madrid).
- Barclays Bank Plc. (London).
- BNP Paribas (Paris).
- Deutsche Bank AG (Frankfurt).

In the event that it should be impossible to apply the above substitute Benchmark Interest Rate, due to the failure by any or several of said banks to provide a statement of quotations, 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 sections i) and ii) above should not be available or be impossible to obtain, the last Benchmark Interest Rate applied to the last Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods whilst matters remain the same.

On each of the Interest Rate Fixing Dates, the Payment Agent shall notify the Management Company of the Benchmark Interest Rate determined in accordance with paragraphs i) and ii) above.

d) Interest Rate Fixing Date.

The nominal interest rate applicable to each of the Bond Series for every Interest Accrual Period shall be determined by the Management Company, for and on behalf of the Fund, as provided in sections b) and c) above, based upon the Benchmark Interest Rate or its substitute, on the second Business Day before each

Payment Date (hereinafter "Interest Rate Fixing Date"), and will apply for the following Interest Accrual Period.

Exceptionally, the nominal interest rate of the Bonds in each of the Series for the first Interest Accrual Period shall be determined as provided in sections b) and c) above, based upon the Benchmark Interest Rate, albeit referred to the second Business Day preceding the Closing Date, and shall be notified in writing by the Management Company prior to the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Payment Agent, the AIAF and the Servicio de Liquidación y Compensación de Valores S.A.

The nominal interest rates determined for each of the Bond Series for successive Interest Accrual Periods shall be communicated to the Bondholders on the dates and in the manner for which provision is made in sections III.5.3. a) and c).

e) Formula for calculating the interest.

Calculation of the interest settlement for each of the Series, payable on each Payment Date for each Interest Accrual Period, shall be made in accordance with the following formula:

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

Where:

I = *Interest payable on a given Payment Date.*
P = *Outstanding Principal Balance of the Bonds in the Series at the beginning of the Interest Accrual Period falling on that Payment Date.*
R = *Nominal interest rate of the Series expressed as a yearly percentage.*
d = *Number of days actually corresponding to each Interest Accrual Period.*

f) Example for fixing the nominal interest rate.

As established in this section and for an easier understanding by the subscriber of the system for fixing the nominal interest rate and the amount of the interest to be received for each Bond in each Series on each Payment Date, the manner of calculating the same for the following event is shown below:

	(Amounts in EUR)	**Series A Bonds**	**Series B Bonds**	**Series C Bonds**
1	Outstanding Principal Balance per Bond	100,000	100,000	100,000
2	Interest Accrual Period Days	91	91	91
3	3-month Euribor Rate	3.645%	3.645%	3.645%
4	Spread	0.26%	0.58%	1.46%
5	Nominal interest rate: rounded to the nearest ten thousandth of a percentage point	3.905%	4.225%	5.105%

6	Calculation of the interest accrued per Bond (1)*(2)*(5)/36000	987.0972	1,067.9861	1,290.4306
7	Amount of interest payable per Bond: rounded to the nearest euro cent	987.10	1,067.99	1,290.43

g) Informative table on the evolution of the benchmark interest rate to be used.

For merely illustrative purposes, below are monthly details of the three- (3-) month Euribor rates published on certain dates over the last two years on the EURIBOR01 electronic page supplied by Reuters, and the nominal interest rates that would result if applied to each of the Bond Series:

Dates	3-month Euribor	Series A Bonds	Series B Bonds	Series C Bonds
October 17, 2001	3.645	3.905	4.225	5.105
September 13, 2001	4.165	4.425	4.745	5.625
August 13, 2001	4.362	4.622	4.942	5.822
July, 12 2001	4.487	4.747	5.067	5.947
June 14, 2001	4.474	4.734	5.054	5.934
May 14, 2001	4.572	4.832	5.152	6.032
April 10, 2001	4.554	4.814	5.134	6.014
March 14, 2001	4.784	5.044	5.364	6.244
February 14, 2001	4.743	5.003	5.323	6.203
January 12, 2001	4.800	5.060	5.380	6.260
December 14, 2000	4.953	5.213	5.533	6.413
November 14, 2000	5.094	5.354	5.674	6.554
October 11, 2000	5.007	5.267	5.587	6.467
September 14, 2000	4.831	5.091	5.411	6.291
August 11, 2000	4.711	4.971	5.291	6.171
July 13, 2000	4.548	4.808	5.128	6.008
June 14, 2000	4.534	4.794	5.114	5.994
May 12, 2000	4.328	4.588	4.908	5.788
April 13, 2000	3.923	4.183	4.503	5.383
March 14, 2000	3.786	4.046	4.366	5.246
February 14, 2000	3.490	3.750	4.070	4.950
January 13, 2000	3.322	3.582	3.902	4.782
December 14, 1999	3.456	3.716	4.036	4.916
November 12, 1999	3.452	3.712	4.032	4.912
October 14, 1999	3.379	3.639	3.959	4.839

II.10.2 Simple confirmation of the order number of the interest payment of the securities issued against the Fund in the Fund's payment priority, and specification of the section and pages of this Prospectus in which the rules of priority established in the Fund's payments are described, and specifically those affecting interest payments on those securities.

Payment of interest accrued by Series A Bonds is in third (3rd) place in the Payment Priority Order established in section V.4.1.B).2, page 124 of this Prospectus.

Payment of interest accrued by Series B Bonds is in fourth (4th) place in the Payment Priority Order established in said section, page 124 hereof.

Payment of interest accrued by Series C Bonds is in fifth (5th) place in the Payment Priority Order established in said section, page 124 hereof.

II.10.3 Dates, place, institutions and procedure for paying interest.

The interest on the Bonds in all the Series will be paid in arrears on January 16, April 16, July 16 and October 16 of each year until they are fully amortised (each of those dates, a "Payment Date"), on the terms established in section II.10.1 of this Prospectus.

In the event that any of the dates established in the preceding paragraph should not be a Business Day, the Payment Date shall be the next immediate Business Day, and interest for the ongoing Interest Accrual Period will accrue until said first Business Day, not inclusive.

The first interest Payment Date for the Bonds in all the Series shall be January 16, 2002, and interest will accrue at the relevant nominal interest rate between payment on the Closing Date by the subscribers, inclusive, and January 16, 2002, exclusive.

For the purposes of this Bond Issue, Business Days shall be deemed to be all days other than a:

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

Days that are not business days in the TARGET calendar are currently the following:

- Saturdays,
- Sundays,
- January 1 (New Year),
- Good Friday,
- Easter Monday,
- May 1,
- December 25 (Christmas), and
- December 26.

Additionally, December 31 shall not be a Business Day in the TARGET calendar for the year 2001.

Both the interest resulting for the Bondholders in each of the Series and the amount of the interest accrued and not paid shall be notified to the Bondholders as described in section III.5.3 of this Prospectus, at least one (1) calendar day in advance of each Payment Date.

The interest accrued on the Bonds shall be settled on each Payment Date provided that the Fund has sufficient liquidity to do so in the Payment Priority Order.

In the event that on a Payment Date the Fund should be unable to make full or partial payment of the interest accrued by the Bonds in any of the Series, in the relevant Payment Priority Order, the amounts that the Bondholders should not have received shall be accumulated on the next Payment Date to the interest on the actual Series that, as the case may be, should be paid on that same Payment Date, and will be paid in the Payment Priority Order 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.

Deferred interest amounts shall accrue for the holders an interest equivalent to that applied to the Bonds in their respective Series for the Interest Accrual Period(s) until the Payment Date on which they are settled, without late-payment interest and without this entailing a capitalisation of the debt.

The Fund, through its Management Company, may not defer Bond interest payment beyond October 16, 2038, the Final Maturity Date, or the next Business Day if the same is not a Business Day.

The Bond Issue shall be serviced through the Payment Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into a Payment Agency Agreement with BANKINTER.

II.11 Amortisation of securities.

II.11.1 Redemption price, specifying the existence of premiums, rewards, lots or any other financial advantage.

The redemption price of the Bonds in each Series A, B and C shall be EUR one hundred thousand (100,000) (ESP 16,638,600) per Bond, equivalent to 100 percent of their face value, payable partially on each Payment Date, as established in section II.11.3.2 of this Chapter.

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.

Amortisation of the Bonds in each Series shall be made pro rata among the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for the Series in accordance with the rules established in section II.11.3 of this Chapter.

II.11.2 Simple specification of the order number the payment of principal on the securities issued against the Fund has in the Fund’s payment priority, and specification of the section and pages of this Prospectus in which the rules of priority established in the Fund’s payments are described, and specifically those affecting principal payments on those securities.

Payment of the amortisation of principal in Series A, B and C Bonds is in seventh (7th) place in the Payment Priority Order established in section V.4.1.B).2, page 124 of this Prospectus.

II.11.3 Amortisation types specifying dates, place, institutions, procedure and advertising for the same.

II.11.3.1 Final Amortisation.

The Final Maturity Date and consequently the final amortisation of the Bonds is October 16, 2038 or the next Business Day if the same 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 section II.11.3.3 below, proceeding to an early amortisation of this issue, in which case the Payment Date on which the same is to take place will be the final amortisation date of the Bonds.

II.11.3.2 Partial Amortisation.

Irrespective of the Final Maturity Date, the Fund shall, through its Management Company, proceed to make partial amortisations of the Bonds in each Series on the terms described hereinafter in this section.

II.11.3.2.1 Characteristics common to the partial amortisation of the Bonds in all the Series.

1. **Amortisation Payment Dates.**

   The Amortisation Payment Dates shall fall on the interest Payment Dates, i.e. on January 16, April 16, July 16 and October 16 of each year or the next Business Day, as the case may be, until they are fully amortised.

   The first amortisation Payment Date of the Bonds in each Series, in accordance with the rules contained in this section, shall fall on the following dates for each Series:

   - Series A Bonds: January 16, 2002.
   - Series B Bonds: the Payment Date after the date on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds, and subject to the provisions of section 6 below and section V.4.1.B).2 of this Prospectus.
   - Series C Bonds: the Payment Date on which the Series A and B Bonds have been fully amortised.

2. **Determination Dates.**

   These will be the dates falling on each of the Payment Dates on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds which the Fund shall dispose of on the relevant Payment Date, in the Payment Priority Order.

   Such Determination Dates shall fall on the third Business Day preceding each Payment Date or the Business Day immediately preceding if the same is not a Business Day.

3. **Outstanding Principal Balance of the Bonds.**

   The Outstanding Principal Balance of the Bonds shall for these purposes be the sum of the outstanding principal balances pending amortisation of the Bonds in each Series, such balances including the principal amounts that should have been amortised, as the case may be, and were not settled due to a shortage of Available Funds for Amortisation of the Bonds, in the Fund Payment Priority Order.

4. Outstanding Balance of the Mortgage Certificates.

The Outstanding Balance of the Mortgage Certificates shall for these purposes comprise the sum of the capital not yet due and the capital due and not paid into the Fund on each and every one of the Mortgage Certificates.

5. Available Funds for Amortisation on each Payment Date and Amortisation Deficit.

The amount to be allocated to amortising the Bonds ("**Available Funds for Amortisation**") on each Payment Date shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the Available Funds remaining after deducting the amounts applied to the items ranked in 1st to 6th place in the Payment Priority Order.

The Amortisation Deficit on a Payment Date shall be the positive difference, if any, between the sum of item a), as established in the preceding paragraph, and the Available Funds for Amortisation, after taking from those Funds the amount drawn on the Subordinated Credit on the Payment Date for this application. If there should be an Amortisation Deficit, then in connection with the Amortisation of Series B Bonds, the Available Funds for Amortisation shall be fully allocated to the Amortisation of Series A Bonds.

In order to illustrate this concept, let us assume the following example on a given Payment Date:

		EUR	*ESP*
1	*Outstanding Principal Balance of the Bonds in all the Series the preceding day:*	*163,000,000*	*27,120,918,000*
2	*Outstanding Balance of the Mortgage Certificates the preceding day:*	*151,700,000*	*25,240,756,200*
3.a)	*Difference (1-2):*	*11,300,000*	*1,880,161,800*
3.b)	*Available Funds remaining after applying the items in 1st to 6th place in the Fund Payment Priority Order:*	*11,000,000*	*1,830,246,000*
4	*Available Funds for Amortisation of the Bonds, the lower amount in 3.a) and 3. b):*	*11,000,000*	*1,830,246,000*
5	*Amortisation Deficit, 3.a) minus 4:*	*300,000*	*49,915,800*

6. Distribution of the Available Funds for Amortisation among the Bonds in each Series.

Those Available Funds for Amortisation of the Bonds shall be distributed among the three Series for these to be amortised in accordance with the following rules:

i) Up to the first Payment Date (inclusive) on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds, the Available Funds for Amortisation shall be fully used for the amortisation of Series A Bonds.

ii) From the Payment Date after the date on which the above ratio is equal to or greater than 4.46%, the Available Funds for Amortisation shall be applied to the amortisation of Series A and B proportionally among the same, thereby for the above ratio between the Outstanding Principal Balances of Series A and Series B Bonds to be kept at 4.46%, or a higher percentage closest thereto.

iii) The amortisation of Series C Bonds shall begin once the Series A and B Bonds have been fully amortised, until they are fully amortised.

In connection with the Amortisation of Series B Bonds, and even if all of the events provided in the above rules are met, there will be no such amortisation if either of the following two circumstances occur on the relevant Determination Date:

a) In the event that the amount of the sum of the Outstanding Balance, as defined in section 4 above, on Mortgage Certificates with a delinquency equal to or greater than ninety (90) days on the Determination Date preceding the ongoing Payment Date should be equal to or greater than 6.00% of the Outstanding Balance of the Mortgage Certificates on that same date, the Available Funds for Amortisation would all be allocated to the amortisation of Series A Bonds.

b) In the event that there should be an Amortisation Deficit, as described above, the Available Funds for Amortisation would also all be allocated to the amortisation of Series A Bonds.

Notwithstanding the above, in the event that on a Payment Date, in consequence of the Payment Priority Order, the Fund should not have sufficient liquidity to proceed to the relevant amortisation of the Bonds, the difference shall not entitle to any additional interest or late-payment interest whatsoever since it will in any event be part of the Outstanding Principal Balance of the Bonds in the relevant Series, on which interest settlement shall be calculated as provided in section II.10.3 above, since amortisation of the Bonds was not made for that amount.

The Management Company shall proceed to notify the Bondholders as provided in section III.5.3 of the amortisation amount resulting for the Bonds in each Series, the Outstanding Principal Balance of each Series, and the actual prepayment rates on the Participated Mortgage Loans and the average residual life estimated for the Bonds in each Series.

7. Notices.

Within seven (7) Business Days of each Payment Date, the Management Company shall issue a notice, signed by a duly empowered individual, establishing: the Outstanding Principal Balance of each Series, as provided in this section and, where appropriate, the amount of the interest accrued and not settled to the Bondholders as established in section II.10.3 of this Prospectus.

That notice shall be filed with the Comisión Nacional del Mercado de Valores, with the Institution in charge of the Accounting Record and with AIAF Mercado de Renta Fija, to be made available to the public along with the Organisation Deed.

II.11.3.2.2 Specific characteristics of the Partial Amortisation of the Bonds in each of the Series.

1. Amortisation of Series A Bonds.

The Series A Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, by an amount equal to the Available Funds for Amortisation distributed for Series A. The first Payment Date for the amortisation of Series A Bonds shall fall on January 16, 2002.

2. Amortisation of Series B Bonds.

As established in section II.11.3.2.1.6 of this Chapter, the first amortisation of Series B Bonds shall fall due on the Payment Date after the Payment Date on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds. The amortisation of Series B Bonds may however be stopped in certain circumstances for which provision is made in that section.

The Series B Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, by an amount equal to the Available Funds for Amortisation distributed for Series B.

Payment of interest and repayment of principal on the Series B Bonds is deferred with respect to the Series A Bonds, as provided in the Fund Payment Priority Order.

3. Amortisation of Series C Bonds.

Series C Bonds shall only begin to be amortised when the Series A and B Bonds have been fully amortised, as established in section II.11.3.2.1.6 of this Chapter.

The Series C Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, by an amount equal to the Available Funds for Amortisation distributed for Series C.

Payment of interest and repayment of principal on the Series C Bonds is deferred with respect to the Series A and B Bonds, as provided in the Fund Payment Priority Order.

II.11.3.3 Early amortisation.

Without prejudice to the Fund's obligation, through its Management Company, to amortise the Bonds on the Final Maturity Date or on each Partial Amortisation, as established in the preceding paragraphs, the Management Company shall be authorised, after notifying the Comisión Nacional del Mercado de Valores, to proceed to an early liquidation of the Fund and hence an early amortisation, on a Payment Date, of the entire Bond issue in the Early-Liquidation Events in accordance with and subject to the requirements established in section III.8.1 of this Prospectus.

II.12 Loan servicing table, including both interest payments and principal amortisation, for each of the Series of Mortgage-Backed Bonds to be issued against the Fund.

The issue will be serviced through BANKINTER as the Payment Agent. Payment of interest and amortisations shall be notified to the Bondholders in the events and in such advance as may be provided for each case in section III.5.3. Interest and amortisations shall be paid to the Bondholders by the relevant clearing members and to the latter in turn by Servicio de Compensación y Liquidación de Valores, S.A., the institution responsible for the accounting record.

a) Loan servicing tables.

The main characteristic of the Mortgage-Backed Bonds lies in that their regular amortisation and hence their average life and duration depend mainly on the pace at which mortgagors decide to repay the Participated Mortgage Loans.

In this sense, the prepayments decided by the obligors, subject to continual changes, and estimated in this Prospectus by using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter "CPR"), shall directly affect the pace at which Participated Mortgage Loans are repaid, and therefore the average life and duration of the Bonds.

There are also other variables, also subject to continual changes, affecting said average life and duration of the Bonds. These variables and their assumed values in all the tables contained in this section are:

- interest rate of the portfolio of Mortgage Certificates: 5.29% (% weighted average interest rate at 2.10.2001 on the selected loan portfolio);
- delinquency on the portfolio of Mortgage Certificates: 0% per annum;
- defaults on the portfolio of Mortgage Certificates deemed to be irrecoverable: 0%;
- that the prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is October 25, 2001;
- and that there is no Amortisation Deficit.

Finally, the true adjusted duration of the Bonds will also depend on their floating interest rate, which is assumed to be constant in all the tables contained in this section, as follows for each Series:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	3.905%	4.225%	5.105%

Assuming that the Management Company shall exercise the early-amortisation option provided in the first paragraph of section III.8.1 of this Prospectus, when the Outstanding Balance of the Mortgage Certificates is less than 10% of their initial amount, the average life and duration of the Bonds for different CPRs shall be as follows:

% CPR:	6%	8%	10%	12%	14%
	Series A Bonds				
Average life (years)	7.0	6.2	5.5	4.9	4.4
IRR	4.014%	4.014%	4.014%	4.014%	4.014%
Duration	5.6	5.0	4.5	4.1	3.7
Final maturity	16 01 2018	18 04 2016	16 10 2014	16 10 2013	16 07 2012
(in years)	16.2	14.5	13.0	12.0	10.7
	Series B Bonds				
Average life (years)	10.3	9.1	8.0	7.2	6.5
IRR	4.348%	4.348%	4.348%	4.348%	4.348%
Duration	7.9	7.1	6.4	5.9	5.4
Final maturity	16 01 2018	18 04 2016	16 10 2014	16 10 2013	16 07 2012
(in years)	16.2	14.5	13.0	12.0	10.7
	Series C Bonds				
Average life (years)	16.2	14.5	13.0	12.0	10.7
IRR	5.271%	5.271%	5.271%	5.271%	5.271%
Duration	10.5	9.8	9.1	8.6	7.9
Final maturity	16 01 2018	18 04 2016	16 10 2014	16 10 2013	16 07 2012
(in years)	16.2	14.5	13.0	12.0	10.7

These figures have been calculated using the following formula:

Average life of the Bonds: *for each of the Series, average of the time periods between the Closing Date and each of the Payment Dates, using for weighting purposes the weights the principal to be amortised 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 amortised in each Bond Series on each Payment Date, in accordance with the amount to be amortised in each Bond Series, as described in section II.11.3.2 of this Prospectus.*
- d = *Number of days elapsed between the Closing Date and the Payment Date at issue.*
- T = *Total face amount in euros in each Bond Series.*

Internal rate of return (IRR): *for each of the 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_l ....A_n). Total amortisation and interest amounts to be received by the investors.*

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 of the 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 amounts comprising principal 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.*

Finally, the Management Company expressly states that the loan servicing tables described hereinafter are merely theoretical and given for illustrative purposes, and represent no payment obligation whatsoever, recalling that:

- The CPRs are assumed to be constant respectively at 6% and 10% throughout the life of the loan and, as noted, actual prepayment rates change continually.

- The Outstanding Bond Payment Balance on each Payment Date and hence the interest payable on each such dates shall depend on the actual prepayment rate in the portfolio of Mortgage Certificates.

- The Bond interest rates are assumed to be constant for each Series whereas the interest rate of 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-amortisation option provided in the first paragraph of section III.8.1 of this Prospectus.

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER

(AMOUNTS IN EUR)

CPR = 6%

Payment Date	Series A Bonds Amortised Principal	Series A Bonds Interest (gross)	Series A Bonds Total Flow	Series B Bonds Amortised Principal	Series B Bonds Interest (gross)	Series B Bonds Total Flow	Series C Bonds Amortised Principal	Series C Bonds Interest (gross)	Series C Bonds Total Flow
25 Oct 2001									
16 Jan 2002	2,291.50	900.32	3,191.82	0.00	974.10	974.10	0.00	1,176.99	1,176.99
16 Apr 2002	2,503.23	953.88	3,457.11	0.00	1,056.25	1,056.25	0.00	1,276.25	1,276.25
16 Jul 2002	2,479.72	939.77	3,419.49	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Oct 2002	2,455.57	925.35	3,380.92	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Jan 2003	2,415.25	900.84	3,316.09	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Apr 2003	2,345.17	857.68	3,202.85	0.00	1,056.25	1,056.25	0.00	1,276.25	1,276.25
16 Jul 2003	2,321.90	844.06	3,165.96	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Oct 2003	2,298.06	830.17	3,128.23	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Jan 2004	2,259.49	807.23	3,066.72	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Apr 2004	2,207.30	776.16	2,983.46	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Jul 2004	2,169.01	754.37	2,923.38	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Oct 2004	2,144.19	732.96	2,877.15	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
17 Jan 2005	2,107.23	711.79	2,819.02	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Apr 2005	2,045.87	690.99	2,736.86	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Jul 2005	2,021.49	670.80	2,692.29	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
17 Oct 2005	1,995.92	650.84	2,646.76	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Jan 2006	1,959.81	638.08	2,597.89	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
17 Apr 2006	1,903.38	605.07	2,508.45	0.00	1,056.25	1,056.25	0.00	1,276.25	1,276.25
17 Jul 2006	1,880.58	593.01	2,473.59	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Oct 2006	1,729.03	580.76	2,309.79	4,824.02	1,079.72	5,903.74	0.00	1,304.61	1,304.61
16 Jan 2007	1,744.46	563.50	2,307.96	2,940.35	1,027.64	3,967.99	0.00	1,304.61	1,304.61
16 Apr 2007	1,693.51	534.22	2,227.73	2,854.47	974.24	3,828.71	0.00	1,276.25	1,276.25
16 Jul 2007	1,671.55	523.44	2,194.99	2,817.45	954.58	3,772.03	0.00	1,290.43	1,290.43
16 Oct 2007	1,648.76	512.51	2,161.27	2,779.05	934.65	3,713.70	0.00	1,304.61	1,304.61
16 Jan 2008	1,617.22	496.06	2,113.28	2,725.88	904.64	3,630.52	0.00	1,304.61	1,304.61
16 Apr 2008	1,576.87	474.70	2,051.57	2,657.87	865.70	3,523.57	0.00	1,290.43	1,290.43
16 Jul 2008	1,542.04	459.14	2,001.18	2,599.17	837.31	3,436.48	0.00	1,290.43	1,290.43
16 Oct 2008	1,519.02	448.79	1,967.81	2,560.36	818.45	3,378.81	0.00	1,304.61	1,304.61
16 Jan 2009	1,487.87	433.64	1,921.51	2,507.85	790.80	3,298.65	0.00	1,304.61	1,304.61
16 Apr 2009	1,438.72	409.68	1,848.40	2,425.02	747.12	3,172.14	0.00	1,276.25	1,276.25
16 Jul 2009	1,411.62	400.03	1,811.65	2,379.33	729.53	3,108.86	0.00	1,290.43	1,290.43
16 Oct 2009	1,384.24	390.34	1,774.58	2,333.18	711.85	3,045.03	0.00	1,304.61	1,304.61
18 Jan 2010	1,351.28	372.44	1,723.72	2,277.63	679.20	2,956.83	0.00	1,290.43	1,290.43
16 Apr 2010	1,306.13	355.15	1,661.28	2,201.53	647.68	2,849.21	0.00	1,276.25	1,276.25
16 Jul 2010	1,275.14	346.20	1,621.34	2,149.29	631.36	2,780.65	0.00	1,290.43	1,290.43
18 Oct 2010	1,244.89	333.62	1,578.51	2,098.31	608.41	2,706.72	0.00	1,290.43	1,290.43
17 Jan 2011	1,214.73	321.33	1,536.06	2,047.48	586.00	2,633.48	0.00	1,290.43	1,290.43
18 Apr 2011	1,176.64	309.34	1,485.98	1,983.26	564.13	2,547.39	0.00	1,290.43	1,290.43
18 Jul 2011	1,156.14	297.72	1,453.86	1,948.71	542.95	2,491.66	0.00	1,290.43	1,290.43
17 Oct 2011	1,134.74	286.31	1,421.05	1,912.64	522.14	2,434.78	0.00	1,290.43	1,290.43
16 Jan 2012	1,108.93	278.13	1,387.06	1,869.14	507.22	2,376.36	0.00	1,304.61	1,304.61
16 Apr 2012	1,079.39	264.17	1,343.56	1,819.35	481.75	2,301.10	0.00	1,290.43	1,290.43
16 Jul 2012	1,053.65	253.51	1,307.16	1,775.97	462.32	2,238.29	0.00	1,290.43	1,290.43

16 Oct 2012	1,032.05	245.78	1,277.83	1,739.56	448.22	2,187.78	0.00	1,304.61	1,304.61
16 Jan 2013	1,008.48	235.48	1,243.96	1,699.83	429.44	2,129.27	0.00	1,304.61	1,304.61
16 Apr 2013	976.17	220.52	1,196.69	1,645.37	402.15	2,047.52	0.00	1,276.25	1,276.25
16 Jul 2013	947.89	213.33	1,161.22	1,597.71	389.05	1,986.76	0.00	1,290.43	1,290.43
16 Oct 2013	926.47	206.22	1,132.69	1,561.60	376.07	1,937.67	0.00	1,304.61	1,304.61
16 Jan 2014	902.76	196.97	1,099.73	1,521.63	359.21	1,880.84	0.00	1,304.61	1,304.61
16 Apr 2014	860.08	183.88	1,043.96	1,449.70	335.33	1,785.03	0.00	1,276.25	1,276.25
16 Jul 2014	826.49	177.43	1,003.92	1,393.08	323.57	1,716.65	0.00	1,290.43	1,290.43
									□ /...

	Series A Bonds			Series B Bonds			Series C Bonds		
Payment Date	**Amortised Principal**	**Interest (gross)**	**Total Flow**	**Amortised Principal**	**Interest (gross)**	**Total Flow**	**Amortised Principal**	**Interest (gross)**	**Total Flow**
.../...									
16 Oct 2014	790.36	171.13	961.49	1,332.17	312.09	1,644.26	0.00	1,304.61	1,304.61
16 Jan 2015	757.67	163.24	920.91	1,277.08	297.70	1,574.78	0.00	1,304.61	1,304.61
16 Apr 2015	720.34	152.30	872.64	1,214.16	277.74	1,491.90	0.00	1,276.25	1,276.25
16 Jul 2015	693.59	146.88	840.47	1,169.08	267.86	1,436.94	0.00	1,290.43	1,290.43
16 Oct 2015	660.72	141.57	802.29	1,113.66	258.18	1,371.84	0.00	1,304.61	1,304.61
18 Jan 2016	634.95	133.51	768.46	1,070.23	243.48	1,313.71	0.00	1,290.43	1,290.43
18 Apr 2016	618.82	127.24	746.06	1,043.05	232.05	1,275.10	0.00	1,290.43	1,290.43
18 Jul 2016	605.07	121.14	726.21	1,019.87	220.91	1,240.78	0.00	1,290.43	1,290.43
17 Oct 2016	593.75	115.16	708.91	1,000.78	210.02	1,210.80	0.00	1,290.43	1,290.43
16 Jan 2017	580.76	110.50	691.26	978.89	201.52	1,180.41	0.00	1,304.61	1,304.61
17 Apr 2017	564.24	102.43	666.67	951.04	186.80	1,137.84	0.00	1,276.25	1,276.25
17 Jul 2017	553.18	98.00	651.18	932.40	178.72	1,111.12	0.00	1,290.43	1,290.43
16 Oct 2017	541.41	93.56	634.97	912.57	170.62	1,083.19	0.00	1,304.61	1,304.61
16 Jan 2018	8,833.51	88.15	8,921.66	14,889.23	160.76	15,049.99	100,000.00	1,304.61	101,304.61
	100,000.00	**27,872.□2**	**127,872.□2**	**100,000.00**	**44,112.23**	**144,112.23**	**100,000.00**	**83,948.8□**	**183,948.8□**

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

	Series A Bonds			Series B Bonds			Series C Bonds		
Payment Date	Amortised Principal	Interest (gross)	Total Flow	Amortised Principal	Interest (gross)	Total Flow	Amortised Principal	Interest (gross)	Total Flow
25 Oct 2001									
16 Jan 2002	3,315.51	900.32	4,215.83	0.00	974.10	974.10	0.00	1,176.99	1,176.99
16 Apr 2002	3,524.53	943.88	4,468.41	0.00	1,056.25	1,056.25	0.00	1,276.25	1,276.25
16 Jul 2002	3,449.14	919.58	4,368.72	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Oct 2002	3,373.62	895.26	4,268.88	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Jan 2003	3,272.95	861.60	4,134.55	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Apr 2003	3,126.60	810.91	3,937.51	0.00	1,056.25	1,056.25	0.00	1,276.25	1,276.25
16 Jul 2003	3,057.82	789.06	3,846.88	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Oct 2003	2,988.99	767.22	3,756.21	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Jan 2004	2,898.40	737.39	3,635.79	0.00	1,079.72	1,079.72	0.00	1,304.61	1,304.61
16 Apr 2004	2,788.98	700.76	3,489.74	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
16 Jul 2004	2,703.51	673.23	3,376.74	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Oct 2004	2,639.72	646.55	3,286.27	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
17 Jan 2005	2,558.28	620.49	3,178.77	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Apr 2005	2,442.96	595.24	3,038.20	0.00	1,067.99	1,067.99	0.00	1,290.43	1,290.43
18 Jul 2005	2,219.94	571.12	2,791.06	6,218.39	1,067.99	7,286.38	0.00	1,290.43	1,290.43
17 Oct 2005	2,226.21	549.21	2,775.42	3,752.35	1,001.57	4,753.92	0.00	1,290.43	1,290.43
16 Jan 2006	2,155.65	533.03	2,688.68	3,633.42	972.07	4,605.49	0.00	1,304.61	1,304.61
17 Apr 2006	2,058.66	500.40	2,559.06	3,469.95	912.56	4,382.51	0.00	1,276.25	1,276.25
17 Jul 2006	2,008.69	485.64	2,494.33	3,385.72	885.64	4,271.36	0.00	1,290.43	1,290.43
16 Oct 2006	1,958.32	470.93	2,429.25	3,300.81	858.81	4,159.62	0.00	1,304.61	1,304.61
16 Jan 2007	1,895.11	451.39	2,346.50	3,194.27	823.17	4,017.44	0.00	1,304.61	1,304.61
16 Apr 2007	1,808.97	423.07	2,232.04	3,049.08	771.54	3,820.62	0.00	1,276.25	1,276.25
16 Jul 2007	1,763.19	409.92	2,173.11	2,971.92	747.55	3,719.47	0.00	1,290.43	1,290.43
16 Oct 2007	1,717.22	396.83	2,114.05	2,894.43	723.67	3,618.10	0.00	1,304.61	1,304.61
16 Jan 2008	1,660.57	379.69	2,040.26	2,798.95	692.42	3,491.37	0.00	1,304.61	1,304.61
16 Apr 2008	1,594.29	359.17	1,953.46	2,687.23	655.00	3,342.23	0.00	1,290.43	1,290.43
16 Jul 2008	1,538.27	343.43	1,881.70	2,592.80	626.30	3,219.10	0.00	1,290.43	1,290.43
16 Oct 2008	1,496.18	331.86	1,828.04	2,521.87	605.19	3,127.06	0.00	1,304.61	1,304.61
16 Jan 2009	1,444.90	316.92	1,761.82	2,435.43	577.96	3,013.39	0.00	1,304.61	1,304.61
16 Apr 2009	1,374.63	295.93	1,670.56	2,316.98	539.67	2,856.65	0.00	1,276.25	1,276.25
16 Jul 2009	1,332.93	285.65	1,618.58	2,246.70	520.93	2,767.63	0.00	1,290.43	1,290.43
16 Oct 2009	1,291.60	275.49	1,567.09	2,177.03	502.39	2,679.42	0.00	1,304.61	1,304.61
18 Jan 2010	1,243.80	259.74	1,503.54	2,096.47	473.68	2,570.15	0.00	1,290.43	1,290.43
16 Apr 2010	1,182.75	244.74	1,427.49	1,993.56	446.33	2,439.89	0.00	1,276.25	1,276.25
16 Jul 2010	1,142.14	235.79	1,377.93	1,925.11	430.00	2,355.11	0.00	1,290.43	1,290.43
18 Oct 2010	1,102.65	224.52	1,327.17	1,858.56	409.44	2,268.00	0.00	1,290.43	1,290.43
17 Jan 2011	1,061.26	213.63	1,274.89	1,788.79	389.59	2,178.38	0.00	1,290.43	1,290.43
18 Apr 2011	1,010.66	203.16	1,213.82	1,703.50	370.49	2,073.99	0.00	1,290.43	1,290.43
18 Jul 2011	980.49	193.18	1,173.67	1,652.65	352.29	2,004.94	0.00	1,290.43	1,290.43
17 Oct 2011	950.12	183.50	1,133.62	1,601.46	334.64	1,936.10	0.00	1,290.43	1,290.43
16 Jan 2012	915.20	176.04	1,091.24	1,542.61	321.03	1,863.64	0.00	1,304.61	1,304.61
16 Apr 2012	876.73	165.09	1,041.82	1,477.75	301.06	1,778.81	0.00	1,290.43	1,290.43
16 Jul 2012	843.75	156.43	1,000.18	1,422.17	285.28	1,707.45	0.00	1,290.43	1,290.43
16 Oct 2012	815.95	149.73	965.68	1,375.32	273.06	1,648.38	0.00	1,304.61	1,304.61
16 Jan 2013	785.61	141.59	927.20	1,324.18	258.21	1,582.39	0.00	1,304.61	1,304.61

16 Apr 2013	747.40	130.84	878.24	1,259.77	238.61	1,498.38	0.00	1,276.25	1,276.25
16 Jul 2013	717.69	124.92	842.61	1,209.69	227.81	1,437.50	0.00	1,290.43	1,290.43
16 Oct 2013	692.56	119.13	811.69	1,167.34	217.25	1,384.59	0.00	1,304.61	1,304.61
16 Jan 2014	665.09	112.22	777.31	1,121.03	204.65	1,325.68	0.00	1,304.61	1,304.61
16 Apr 2014	624.61	103.29	727.90	1,052.80	188.36	1,241.16	0.00	1,276.25	1,276.25
16 Jul 2014	594.56	98.27	692.83	1,002.15	179.21	1,181.36	0.00	1,290.43	1,290.43
									□ /...

	Series A Bonds			Series B Bonds			Series C Bonds		
Payment Date	**Amortised Principal**	**Interest (gross)**	**Total Flow**	**Amortised Principal**	**Interest (gross)**	**Total Flow**	**Amortised Principal**	**Interest (gross)**	**Total Flow**
.../...									
16 Oct 2014	9,360.64	93.41	9,454.05	15,777.76	170.36	15,948.12	100,000.00	1,304.61	101,304.61
	100,000.00	**21,□70.39**	**121,□70.39**	**100,000.00**	**34,437.19**	**134,437.19**	**100,000.00**	**67,130.72**	**167,130.72**

b) Example for applying dates and time periods defined in sections II.10 and II.11 of this Prospectus, for determining and paying Bond interest and amortisation.

For an easier understanding by the subscriber of the definitions and rules for the application of dates and periods described in sections II.10 and II.11 relating to Bond interest and amortisation, the following example is given hereinafter, dividing it into characteristics for the first Payment Date (given its atypical nature) and for the second and successive Payment Dates:

1. ***First Payment Date: January 16, 2002.***

   (Execution of the Organisation Deed: October 22, 2001)

   a) Interest Rate Fixing Date applicable for the first Interest Accrual Period:
      - 11am on the second Business Day immediately preceding the Closing Date: October 23, 2001.

   b) Notices:
      - Extraordinary notice of organisation of the Fund and Bond Issue -press insert, as per section III.5.3.c: October 23, 2201

      - Ordinary notice of the resultant nominal interest rate for the first Interest Accrual Period: October 23, 2001. The Management Company shall notify this in writing prior to the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds.

   c) First Interest Accrual Period:
      - From October 25, 2001 (Closing Date), inclusive, until January 16, 2002, exclusive.

   d) Determination Date (or date on which the Management Company makes the calculations for the distribution and withholding of Available Funds): January 11, 2002.

   e) Ordinary periodic notices (press inserts, as per section III.5.3.c):
      - Of all other periodic information: until January 15, 2002.

2. ***Second Payment Date: April 16, 2002.***

   a) Interest Rate Fixing Date applicable for the second Interest Accrual Period:
      - 11am on the second business day preceding the first Payment Date: January 14, 2002.

   b) Ordinary periodic notices (press inserts, as per section III.5.3.c):
      - Of the resultant interest rate for the second Interest Accrual Period: until January 18, 2002, inclusive.

   c) Second Interest Accrual Period:
      - From January 16, 2002 (first Payment Date), inclusive, until April 16, 2002, exclusive.

   d) Determination Date (or date on which the Management Company makes the calculations for the distribution and withholding of Available Funds): April 11, 2002.

e) Ordinary periodic notices (press inserts, as per section III.5.3.c):
   - Of all other periodic information: April 15, 2002.

II.13 Actual interest forecast for the holder, bearing in mind the characteristics of the issue, specifying the calculation method used and the expenses expected by items having regard to its true nature.

In the event that the nominal interest rates applicable to each of the Series, variable quarterly, should remain constant throughout the life of the loan, at the rates of the table contained in section II.12.a) of the Prospectus, these rates would result in Internal Rates of Return ("IRR") for the holder in each of the Series as shown in the table shown below, given the effect of quarterly interest payment, calculated without considering the tax effect, and assuming at all events the values and assumptions contained in said section for constant prepayment rates (CPR) of 6% and 10%.

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	3.905%	4.225%	5.105%
Actual interest forecast (IRR)	4.014%	4.348%	5.271%

II.14 Actual interest forecast for the Fund at the time of issue of the securities, considering all the design and placement expenses incurred by the Fund, specifying the calculation method.

The actual interest has been calculated using the Internal Rate of Return (IRR) formula described in section II.12.a) above, making the following assumptions:

a) that the nominal floating interest rate of the Bonds should remain constant throughout the life of the loan at the rates of the table contained in section II.12.a)
b) that the assumptions mentioned in section II.12.a) are made, and
c) that the expected organisation and issue expenses are deducted from the face value of the Bond.

The actual interest forecast for the Fund would be 4.084% o el 4.093% for CPRs respectively of 6% and 10%, in the assumptions contained in the preceding paragraph.

The expected expenses are as follows:

	EUR	ESP
a) Organisation Expenses.		
• Management Company fee	102,172.00	16,999,990
• Notary's, audit and legal advice fees	75,573.42	12,574,359
	177,745.42	**29,574,349**
b) Issue Expenses.		
• Comisión Nacional del Mercado de Valores fees (issue and listing)	75,735.73	12,601,365
• AIAF and Servicio de Compensación y Liquidación de Valores fees	77,658.52	12,921,291
• Bond Issue Rating	217,500.00	36,188,955
• Bond underwriting and placement fees	1,644,650.00	273,646,735
• Issue advertising, printing and other expenses	16,689.06	2,776,826
	2,032,233.31	**338,135,172**

Total expenses	**2,209,978.73**	**367,709,521**

II.15 Existence or not of special guarantees on the Mortgage Certificates pooled in the Fund or on the securities issued against the Fund, which may have been given by any of the institutions involved in the securitisation process covered by this Prospectus.

There are no special guarantees covering the Bonds issued against or on the Mortgage Certificates pooled in the Fund, beyond the undertakings by BANKINTER contained in section IV.1.d) of this Prospectus in relation to the substitution of the Mortgage Certificates derived from the Participated Mortgage Loans failing to conform on that date to the representations contained in section IV.1.a) of this Prospectus and the specific characteristics of the Participated Mortgage Loans notified by BANKINTER to the Management Company.

II.16 Securities circulation law, particularly noting whether there are restrictions on the free conveyance of the securities or mentioning that such exist.

The Bonds subject of this issue are not subject to restrictions on their free conveyance, and may be freely conveyed subject to the statutory provisions applicable thereto and to the provisions of sections II.4.1, II.5 and II.17 of this Chapter.

II.17 Organised secondary markets for which there is an undertaking to apply for listing of the securities and specific deadline by which that application shall be filed and all other documents required for listing to be achieved.

In accordance with article 5.9 of Act 19/1992, the Management Company shall, forthwith upon the Bonds having been paid up, apply for this Bond issue to be listed on the AIAF Mercado de Renta Fija, which is a qualified official secondary securities market pursuant to Transitional Provision six of Act 37/1998, November 16, amending the Securities Market Act. The Management Company undertakes that definitive listing will be achieved not later than one month after the Closing Date

The Management Company expressly declares that it is acquainted with 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 above deadline, the Bonds should not be so listed on the AIAF, the Management Company shall forthwith proceed to notify the Bondholders thereof, moreover advising of the reasons for such inobservance, all in accordance with the provisions of section III.5.3 of the Prospectus. The foregoing shall be without prejudice to the contractual liability in which Management Company may incur, as the case may be.

II.18 Subscription or acquisition requests.

II.18.1 Potential investors to whom the securities are offered, and reasons for electing the same.

The placement of the Bond issue in each of Series A, B and C is targeted to institutional investors, both legal persons or estates devoid of legal personality, such as Pension Funds, Collective-Investment Undertakings, Insurance Companies or such institutions as Credit Institutions or Firms of Broker-Dealers, in the business of regularly and professionally investing in transferable securities.

In addition to his own analysis as to the quality of the securities offered to be subscribed in this Prospectus, the potential investor also has the rating assigned by the Rating Agencies set forth in section II.3 of this Chapter.

Once the issue has been fully placed and the Bonds are listed on the official AIAF organised market, the Bonds may be freely purchased on that market in accordance with its own trading rules.

Effects of the subscription for Bondholders.

Subscription for the Bonds implies for each Bondholder an acceptance of the terms of the Organisation Deed.

Tranches.

Each of the Series consists of only one placement tranche.

II.18.2 Legal status of the Bonds.

The following legal considerations apply to the Bonds subject of this issue in connection with their holding by certain investors:

(i) The Series A Bonds have a 50 per 100 weighting on the solvency ratio that Credit Institutions and Firms of Brokers and Broker-Dealers must observe, in accordance with the provisions respectively of the Ministerial Orders dated December 30, 1992 and December 29, 1992.

On the date of registration of the Prospectus, the Comisión Nacional del Mercado de Valores accorded the Series A Bonds the weighting mentioned in the preceding paragraph, bearing the following elements in mind: (i) that the Participated Mortgage Loans upon the issue of Mortgage Certificates pooled in the Fund have been granted with a first mortgage security in residential homes located in Spain; (ii) that the Participated Mortgage Loans and the Mortgage Certificates meet the requirements of the laws in force for the time being regulating the Mortgage Market; (iii) that the principal of each of the Participated Mortgage Loans does not exceed 80 per 100 of the appraised value of the relevant home mortgaged as security; (iv) the representations made by BANKINTER set forth in Chapter IV of this Prospectus; and (v) the rating given by Moody’s y S&P, as an assessment of the Bond credit risk, contained in section II.3 of this Chapter.

(ii) The Series B and C Bonds have no 50 per 100 weighting on the solvency ratio of the Credit Institutions and Firms of Brokers and Broker-Dealers referred to in the Orders mentioned in the preceding section.

(iii) The Series A Bonds meet the selection standards to be admitted as assets securing transactions with the European Central Bank.

(iv) They must be eligible for investment by insurance companies in observance of their technical provision obligations, pursuant to article 50.5 of the Private Insurance Arrangement and Supervision Regulations approved by Royal Decree 2486/1998, November 20.

(v) They must be eligible for investment by the Mutual Guarantee Company Technical Provision Fund, in accordance with Act 1/1994, March 11, on the Legal System of Mutual Guarantee Companies, and Royal Decree 2345/1996, November 8, relating to the rules for the administrative authorisation of and solvency requirements for Mutual Guarantee Companies.

(vi) They must be eligible for investment by Pension Funds in accordance with the provisions of article 34 of Royal Decree 1307/1988, September 30, approving the Pension Plans and Funds Regulations.

(vii) They must be eligible for investing the Assets of Collective-Investment Undertakings, in accordance with the specific rules established for each of them in articles 4, 10, 18 and 25 of Act 46/1984, December 26, regulating Collective-Investment Undertakings, and its subsequent implementing regulations.

II.18.3 Subscription or Purchase Date or Period.

The Subscription Period (the "**Subscription Period**") shall begin at 12 o'clock noon Madrid time on October 23, 2001, and end at 5pm Madrid time on October 24, 2001.

II.18.4 Where and with whom may subscription or purchase be processed?

In order to be taken into account, subscription proposals shall be made in writing during the Subscription Period established in the preceding section, at CRÉDIT AGRICOLE INDOSUEZ, DRESDNER KLEINWORT WASSERSTEIN, EBN BANCO, JPMORGAN, SCHRODER SALOMON SMITH BARNEY and SOCIÉTÉ GÉNÉRALE , as Underwriters and Placement Agents and y BANKINTER as Placement Agent, through their offices and branches and observing the procedures established hereinafter in the following sections.

Nevertheless, JPMORGAN may not engage in any marketing activity or place Bonds in Spanish territory.

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

II.18.5 Method and dates for paying up.

The investors to whom the Bonds shall have been allocated shall pay the relevant Underwriter and Placement Agent or the Placement Agent by 1pm Madrid time on October 25, 2001 ("Closing Date"), same day value, the issue price for each Bond allocated for subscription.

II.18.6 Method and deadline for delivery to the subscribers of copies of the subscription certificates or provisional slips, specifying the chances of their being traded and their maximum term of validity.

The Underwriters and Placement Agents and the Placement Agent shall provide the subscribers for the Bonds with a document certifying their subscription for the Bonds allocated and the actual amount paid for such subscription.

That confirmation document may not be transferable and will only be valid to justify subscription for the relevant Bonds, until and unless an entry is made in the accounting record as determined in section II.5 of this Prospectus.

II.19 Placement and allocation of the securities.

The Underwriters and Placement Agents and the Placement Agent shall freely proceed to accept or turn down the subscription proposals received, making sure that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents and the Placement Agent may nevertheless give priority to proposals of those of its customers as they shall deem fittest. Those proposals shall not be final subscription orders until they are confirmed by the investor or customer and accepted by the Underwriter and Placement Agent or the Placement Agent, during the Subscription Period.

Each Underwriter and Placement Agent agrees to subscribe in its own name, at the close of the Subscription Period, such amount of Bonds as may be necessary to complete the figure of their underwriting commitment as determined in section II.19.1 of this Chapter.

II.19.1 Institutions involved in the placement or marketing, giving their respective roles, describing the same specifically. Overall amount of the fees agreed between the various placement agents and the Management Company.

Placement of the Bonds in each Series shall be undertaken by CRÉDIT AGRICOLE INDOSUEZ Branch in Spain ("**CRÉDIT AGRICOLE INDOSUEZ**"), DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain ("**DRESDNER KLEINWORT WASSERSTEIN**"), EBN BANCO, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS S.A. ("**EBN BANCO**"), J.P. MORGAN SECURITIES LTD. ("**JPMORGAN**"), SALOMON BROTHERS INTERNATIONAL LTD. ("**SCHRODER SALOMON SMITH BARNEY**") and SOCIÉTÉ GÉNÉRALE Branch in Spain ("**SOCIÉTÉ GÉNÉRALE**"), as Underwriters and Placement Agents, and BANKINTER S.A. as Placement Agent.

The amounts underwritten for each Series by each of the Underwriters and Placement Agents are as follows:

Underwriter and Placement Agent	Face amount underwritten (EUR)					
	Series A Bonds		Series B Bonds		Series C Bonds	
	Number	Face Amount	Number	Face Amount	Number	Face Amount
CRÉDIT AGRICOLE INDOSUEZ	6,308	630,800,000.00	168	16,800,000.00	76	7,600,000
DRESDNER KLEINWORT WASSERSTEIN	6,308	630,800,000.00	169	16,900,000.00	76	7,600,000
EBN BANCO	30	3,000,000.00	-	-	-	-
JPMORGAN	30	3,000,000.00	-	-	-	-
SCHRODER SALOMON SMITH BARNEY	30	3,000,000.00	-	-	-	-
SOCIÉTÉ GENÉRALE	30	3,000,000.00	-	-	-	-
Total	**12,736**	**1,273,600,000**	**337**	**33,700,000**	**152**	**15,200,000**

Under the Management, Underwriting and Placement Agreement, the Underwriters and Placement Agents and the Placement Agent shall receive from the Fund an underwriting and placement fee on the face amount of the Bonds which shall be 0.10% for Series A Bonds, 0.65% for Series B Bonds and 1.00% for Series C Bonds.
The following are the maximum number of Bonds BANKINTER may place as a Placement Agent in each Series, though this shall at no time be construed as a firm placement commitment:

(i) Series A up to 1,910 Bonds for a face amount of EUR 191,000,000.

(ii) Series B up to 111 Bonds for a face amount of EUR 11,100,000.

(iii) Series C up to the aggregate 152 Bonds making up the Series for a face amount of EUR 15,200,000.

The number of Bonds in each Series actually placed by BANKINTER, up to the maximum amounts established in the preceding paragraph, and the relevant face amount, shall reduce the respective placement commitment of CRÉDIT AGRICOLE INDOSUEZ and DRESDNER KLEINWORT WASSERSTEIN by halves.

II.19.2 Lead Managers of the Issue.

CRÉDIT AGRICOLE INDOSUEZ Branch in Spain and DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain and BANKINTER, S.A. shall be involved as Lead Managers of the Bond Issue, and a statement is reproduced hereinafter signed by a duly authorised person, containing the representations referred to in Comisión Nacional del Mercado de Valores Circular 2/1994, March 16, of the Comisión Nacional del Mercado de Valores, approving the standard Prospectus for organising Mortgage Securitisation Funds:

Statement by Bankinter.

I Mr Pablo de Diego Portolés acting for and on behalf of BANKINTER, S.A., with place of business at Madrid, Paseo de la Castellana number 29, duly authorised for these presents, and in connection with the organisation of BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue against the same for an amount of EUR one billion three hundred and twenty-two million give hundred thousand (1,322,500,000, notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on September 19, 2001, in pursuance of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Prospectus is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Prospectus, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Madrid, on October 18, 2001.

Statement by Crédit Agricole Indosuez Branch in Spain.

We Mr Santiago Ruiz-Morales Fadrique and Mr Pablo Lladó Figuerola-Ferretti, acting for and on behalf of CRÉDIT AGRICOLE INDOSUEZ Branch in Spain, with place of business for these purposes at Paseo de la Castellana number 1, Madrid, duly authorised for these presents, and in connection with the organisation of BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA and the Bond issue against the same for an amount of EUR one billion three hundred and twenty-two million give hundred thousand (1,322,500,000, notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on September 19, 2001, in pursuance of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Prospectus is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Prospectus, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Madrid, on October 16, 2001.

Statement by Dresdner Bank AG Branch in Spain.

We Mr José Loustau Hernández and Mr Ignacio Fiter Salgado, acting for and on behalf of DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain, with place of business for these purposes at Calle Pinar number 2-4, ,duly authorised for these presents, and in connection with the organisation of BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA and the Bond issue against the same for an amount of EUR one billion three hundred and twenty-two million give hundred thousand (1,322,500,000, notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on September 19, 2001, in pursuance of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Prospectus is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Prospectus, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Madrid, on October 16, 2001.

Attached as Appendix VI to this Prospectus is a photocopy of the letters from CRÉDIT AGRICOLE INDOSUEZ Branch in Spain, DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain and BANKINTER S.A. making those statements.

The Lead Managers will receive no fee whatsoever for leading the Bond issue.

II.19.3 Institutions underwriting the issue, describing the characteristics of the relationship or Management, Underwriting and Placement Agreement, guarantees required of the issuer or offeror, types of risks taken, type of consideration agreed by the underwriter in the event of breach, and other relevant elements.

The Management Company shall, for and on behalf of the Fund, enter into a Bond Issue Management, Underwriting and Placement Agreement with CRÉDIT AGRICOLE INDOSUEZ Branch in Spain and DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain as Lead Managers and Underwriters and Placement Agents, with BANKINTER S.A. as Lead Manager and Placement Agent, and with EBN BANCO, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS S.A., J.P. MORGAN SECURITIES LTD., SALOMON BROTHERS INTERNATIONAL LTD., and SOCIÉTÉ GÉNÉRALE Branch in Spain as Underwriters and Placement Agents, whereby the Underwriters and Placement Agents and the Placement Agent shall proceed to place the entire Bond issue and, upon the Subscription Period being closed, the Underwriters and Placement Agents shall proceed to subscribe in their own name for the amount of Bonds yet to be subscribed for under their respective underwriting commitment specified in section II.19.1 of this Prospectus.

The Bond issue Underwriters and Placement Agents and the Placement Agent take on the obligations contained in the Management, Underwriting and Placement Agreement, which are basically the following: 1) the Underwriters and Placement Agents, an undertaking to subscribe on their own account for the Bonds not taken when the Subscription Period is closed, up to the set amounts; 2) obtain placement by a third-party subscription for the Bond Issue; 3) payment by the Underwriters and Placement Agents to the Payment Agent by 2pm on the Closing Date, same day value, of the face amount of the Bonds placed by each of them, whereupon, as the case may be, the Payment Agent shall pay the Fund, by 3pm, same day value, the amount received from the Underwriters and Placement Agents plus the face amount of the Bonds placed in its capacity as Placement Agent; 4) an undertaking to pay late-payment interest as covenanted in the agreement in the event of late payment of the amounts due; 5) providing the subscribers with a document certifying subscription; and 6) all other aspects governing the underwriting and placement.

The Management Company shall pay the Underwriters and Placement Agents and the Placement Agent the amount of the underwriting and placement fees on behalf of the Fund within 24 hours of the face amount of the Bonds being paid up by transfer instructions issued to the Payment Agent. The underwriting and placement fees for each of the Series are specified in section II.19.1 of this Prospectus.

CRÉDIT AGRICOLE INDOSUEZ Branch in Spain, DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain and BANKINTER S.A. shall be involved as Lead Managers in the Bond Issue. They shall receive no remuneration whatsoever for leading the Bond Issue.

The Management, Underwriting and Placement Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

II.19.4 Pro rata placement, method and date, manner of publicising the results and, as the case may be, returning to the requestors the amounts settled in excess of the securities allocated, along with such interest payments as may be appropriate.

Not applicable.

II.20 Term and method for providing the subscribers with certificates or documents establishing the subscription for the securities.

The Bonds, represented by means of book entries, shall become such bonds upon being entered in the relevant accounting record, as provided in the Book Entries Royal Decree, with the usual timing and procedures of the institution in charge of so doing, to wit Servicio de Compensación y Liquidación de Valores, S.A.

The Underwriters and Placement Agents shall provide Bond subscribers, within not more than fifteen (15) days after the Closing Date, with a document certifying their subscription for the Bonds allocated, and the actual amount paid up on that subscription.

II.21 National laws governing the securities and jurisdiction in the event of litigation.

The organisation of the Fund and the Bond issue are subject to Spanish Law, as prescribed by Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, Securities Market Act 24/1988, July 28, as amended by Act 37/1998, November 16, and as prescribed by Royal Decree 291/1992, March 27, on Issues of and Public Offerings for the Sale of Securities, as amended by Royal Decree 2590/1998, December 7, on the amendment of the legal system of securities markets, and the Order dated July 12, 1993 on Prospectuses and Other Implementations of Royal Decree 291/1992, March 27, and Comisión Nacional del Mercado de Valores Circular 2/1994, March 16.

All matters, disagreements, actions and claims deriving from the Management Company's organisation, administration and legal representation of BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue by the same, shall be heard and decided by the competent Spanish Courts and Tribunals.

The Organisation Deed shall be governed by and construed in accordance with Spanish laws.

II.22 Personal taxation of income from the securities offered, distinguishing between resident and non-resident subscribers.

A brief account is given hereinafter of the tax system applicable to the investments derived from this offering, in which connection only State laws in force for the time being and general aspects that might affect investors are taken into account; investors must bear in mind both their possible special tax circumstances and the rules applied territorially and contained in the laws in force at the time when the relevant income is obtained and returned.

Because this offering will be represented by book entries and an application will be made for the securities to be listed and traded on an official Spanish secondary securities market, which circumstances are relevant to determining taxation, the assumption made is that these requirements shall be met. It has moreover been considered that, upon being issued, the Bonds will be considered financial assets with an explicit yield, when this qualification is relevant for tax purposes.

The withholdings, contributions and taxes established now or in the future on the Bond principal, interest or income shall be payable by the Bondholders, and their amount shall be deducted, as the case may be, by the Management Company in the manner statutorily prescribed.

During the life of the Bonds, their tax system shall be as derived from the laws in force from time to time.

II.22.1 Natural or legal persons resident in Spain.

Personal Income Tax.

The income obtained by Bondholders who are Personal Income Tax (IRPF) payers, both as interest and in connection with the transfer, repayment or amortisation of the Bonds, shall be considered income on investments obtained from the assignment of own capital to third parties, as defined in article 23.2 of the Personal Income Tax and Other Tax Rules Act 40/1998, December 9.

Interest income received shall be subject to an 18% withholding tax on account of the beneficiary's IRPF, as prescribed by Royal Decree 214/1999, February 5, approving the Personal Income Tax Regulations (RIRPF).

There is no withholding tax obligation on income derived from the transfer or repayment of the Bonds, other than for the part of the price equivalent to the matured coupon in transfers made within thirty days immediately preceding coupon maturity where (i) the transferee is a person or undertaking not resident in Spanish territory or a Corporation Tax obligor, and (ii) this income is exempt from the obligation to withhold from the transferee.

Corporation Tax.

Both interest income and income derived from the transfer, repayment or amortisation of the Bonds obtained by undertakings considered to be Corporation Tax obligors, shall be added to the tax base as prescribed under Title IV of Corporation Tax Act 43/1995, December 27.

The aforesaid income shall be excluded from withholding tax as provided by article 57.q) of Royal Decree 537/1997, April 14, approving the Corporation Tax Regulations, amended by the wording provided in Royal Decree 2717/1998, December 18. Nevertheless, in accordance with the Ministerial Order dated December 22, 1999, the procedure for the exclusion of withholding tax or prepayment o be effective shall be subject to the following requirements:

1. The Management Company, for and on behalf of the Fund as the issuer, shall pay the custodians, through the Payment Agent, the liquid amount resulting from applying the general withholding rate in force on that date to all the interest.

2. By the 10th of the month after the month of maturity of each coupon, the custodians shall provide the Management Company or the Payment Agent with an itemised list of the holders who must pay Tax, along with their identification particulars, the number of securities they held at the date of maturity of each coupon, the respective gross income and the amount withheld.

3. The Bondholders shall certify that circumstance with the custodians by the 10th of the month after coupon maturity in order that the custodians may draw up the list specified in the preceding paragraph.

4. Forthwith upon receiving that list, the Management Company shall promptly pay all the custodians through the Payment Agent the amount withheld from those obligors or taxpayers.

5. The custodians shall forthwith pay the amount withheld to the obligor or taxpaying holders.

II.22.2 Natural or legal persons not resident in Spain.

Income obtained by Bondholders who are Non-Resident Income Tax payers, both on interest and in connection with the transfer, repayment or amortisation of the Bonds, shall be considered to be income obtained in Spain, with or without a permanent establishment, on the terms of article 11 Act 41/1998, December 9, on Non-Resident Income and Tax Rules.

Income obtained through a permanent establishment.

Bond income obtained by a permanent establishment in Spain shall pay tax in accordance with the rules of Chapter III of the aforesaid Act 41/1998, without prejudice to the double-taxation Agreements signed by Spain, which may determine that the relevant income need pay no tax or, as the case may be, that reduced rates apply. The aforesaid income shall be subject to a Non-Resident Income Tax withholding in the same events and on the same terms mentioned for Corporation Tax payers resident in Spain.

Income obtained other than through a permanent establishment.

Bond income obtained by persons or undertakings not resident in Spain acting without a permanent establishment shall pay tax in accordance with the rules of Chapter IV of the aforesaid Act 41/1998, the following elements of the system of that Act being noteworthy, without prejudice to the double-taxation Agreements signed by Spain, which may determine that the relevant income need pay no tax or, as the case may be, that reduced rates apply:

- The tax base shall be quantified as the full amount of the income obtained, calculated with reference to the rules of Act 40/1998, whereas the reductions of that Act will not apply.

- In the event of transfer, repayment or amortisation, expenses attaching to acquisition and disposition shall be taken into account, provided that they are properly supported. Taxation shall be separately effected for each total or partial taxable accrual of income, which may under no circumstances be set off against one another.

- The Tax will be calculated applying an 18 per 100 rate to the tax base comprising Bond interest and income.

- The above-mentioned income shall be subject to a Non-Resident Income Tax withholding, other than where evidence is produced of Tax payment or that an exemption is appropriate.

The amount of the withholding will be equivalent to the Tax payable based upon the above standards.

Income obtained on the Bond issue, both as interest and in connection with the transfer, repayment or amortisation of the Bonds, by persons or undertakings not resident in Spain acting in this connection without a permanent establishment shall be exempt when the beneficiary is a resident of another European Union Member State.

This exemption shall by no means apply where the income is obtained through countries or territories statutorily qualified as tax havens.

Income derived from the transfer of such securities in official Spanish secondary securities markets obtained by non-resident natural persons or undertakings other than through a permanent establishment in Spanish territory, resident in a State having signed a double-taxation agreement with Spain with an information-exchange clause, will also be exempt.

In accordance with the Ministerial Order dated April 13, 2000, in connection with the application of the exclusion from withholding tax or withholding at a reduced rate by applying the taxation limits established in double-taxation Agreements, the custodians shall provide the Payment Agent or the Management Company, by day 10 of the month after the month of coupon maturity, with a detailed list of the Bondholders not residing in Spanish territory having no permanent establishment, with details of the Series and maturity, identification of the holder, number of securities held on the coupon maturity date, relevant gross income and withholding to be applied. Non-resident Bondholders shall have in turn certified to the custodians their tax residence by submitting a residence certificate issued by the tax authorities of the country of residence, bearing in mind that said certificate is valid for one (1) year after being issued.

Upon the failure to certify tax residence for these purposes, the income obtained on the Bonds both as interest and upon their transfer, repayment or amortisation by non-resident holders shall be taxable under the general system aforesaid, though they may apply for the excess withholding or taxation to be returned availing of the procedure established in the laws in force for the time being.

II.22.3 Indirect taxation on the transfer of the Bonds.

The conveyance of transferable securities is exempt from paying Capital Transfer and Documents Under Seal Tax and Value Added Tax.

II.22.4 Wealth Tax.

Natural persons whose personal obligation it is to pay this Tax and who are Bondholders at December 31 of each year, shall include the Bonds in that Tax Base at their average trading value in the fourth quarter of each year.

Non-resident natural persons whose real obligation it is to pay this Tax will also have to pay Wealth Tax, other than as provided in the double-taxation Agreements. Nevertheless, residents in other European Union countries shall be exempt in connection with Bonds whose income is exempt in regard to Non-Resident Income Tax, on the terms set forth above.

II.22.5 Inheritance and Gift Tax.

The conveyance of the Bonds to natural persons by inheritance or donation shall be subject to the general rules of Inheritance and Gift Tax. In the event that the beneficiary should be a body corporate, the income obtained would be taxed in accordance with the Corporation Tax rules.

II.23 Purpose of the transaction.

The net amount of the Bond issue will be fully allocated to paying the price of the acquisition of the Mortgage Certificates assigned by BANKINTER pooled in the assets of the Fund.

II.24 Institutions that have agreed, as the case may be, to be involved in secondary trading, providing liquidity by offering consideration, specifying the extent and manner of their involvement.

There are no commitments for any institution to be involved in the secondary market of the Bonds, providing liquidity by offering consideration.

II.25 Natural or legal persons with a relevant involvement in structuring or providing advice for the organisation of the Fund or in connection with any item of the significant information contained in the prospectus, including, as the case may be, underwriting the placement.

II.25.1 Specification of natural and legal persons.

a) The Fund and the Bond issue were financially structured by EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

b) RAMÓN & CAJAL Abogados, as independent legal adviser, has provided the legal advice on the transaction.

c) BANKINTER is the originator of the Participated Mortgage Loans through the issue of the Mortgage Certificates, fully subscribed for by the Fund upon being organised.

d) CRÉDIT AGRICOLE INDOSUEZ Branch in Spain and DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain are involved as Lead Managers and Underwriters and Placement Agents of the Bond issue.

e) BANKINTER S.A. is involved as Lead Manager and Placement Agent of the Bond issue.

f) EBN BANCO, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS S.A.. J.P. MORGAN SECURITIES LTD., SALOMON BROTHERS INTERNATIONAL LTD., y SOCIÉTÉ GÉNÉRALE Branch in Spain are involved as Underwriters and Placement Agents of the Bond issue.

g) BANKINTER is involved as Payment Agent of the Bond issue.

h) PRICEWATERHOUSECOOPERS AUDITORES, S.L is involved as auditor checking a number of features of the selection of mortgage loans which shall serve to issue the Mortgage Certificates.

II.25.2 Statement by the person responsible for the Prospectus on behalf of the Management Company, specifying whether he is aware of the existence of any relationship whatsoever (political rights, employment, family,

etc.) or economic interest of those experts, advisers, and of other institutions involved, with both the Management Company and the former holders of assets (Mortgage Certificates) acquired by the Fund.

"I, Mr MARIO MASIÁ VICENTE, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, with place of business at Madrid, Calle Lagasca number 120, and in connection with the organisation of the Fund BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, for an amount of EUR one billion three hundred and twenty-two million give hundred thousand (1,322,500,000 (ESP 220,045,485,000*), notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on September 19, 2001, in pursuance of point II.25.2. of Comisión Nacional del Mercado de Valores Circular 2/94, March 16, approving the standard Prospectus for organising Mortgage Securitisation Funds (implementing the Order dated July 12, 1993, in turn implementing Royal Decree 291/92, March 27),*

HEREBY DECLARE

That BANKINTER, S.A., Lead Manager, has an investment of 1.53% in the Management Company's share capital.

That J.P. Morgan España S.A., which along with J.P. Morgan Securities Ltd. is part of the same Group, has an investment of 4.00% in the Management Company's share capital.

That Citibank España S.A., which along with Salomon Brothers International Ltd. is part of Citigroup, has an investment of 1.53% in the Management Company's share capital.

That there is no relationship or economic interest whatsoever between the experts who were involved in structuring or providing advice for the organisation of the Fund, or certain significant information contained in the Prospectus, either with the actual Management Company or with BANKINTER, S.A., issuer of the Mortgage Certificates to be subscribed for by the Fund."

CHAPTER III

GENERAL INFORMATION ON THE MORTGAGE SECURITISATION FUND

III.1 Legal background and purpose of the Fund.

Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, covers the organisation of the Fund and the Bond issue against the same.

After the date on which the Comisión Nacional del Mercado de Valores verifies and registers this Prospectus and by October 23, 2001 with the Bond Subscription Period not yet open, the Management Company shall, along with BANKINTER, as issuer of the Mortgage Certificates to be subscribed for by the Fund, proceed to execute a public deed organising BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA, issue and subscribe for the Mortgage Certificates and issue the Mortgage-Backed Bonds, on the terms for which provision is made in Act 19/1992.

In accordance with article 5.1 of Act 19/1992, the Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled upon being organised, and its liabilities comprising the Bonds issued and the Starting Expenses Loan, thereby for the net worth of the Fund to be nil. Additionally, the Fund has arranged for a Subordinated Credit the undrawn principal balance of which shall be reported in memorandum accounts.

Mortgage Market Regulation Act 2/1981, March 25, and Royal Decree 685/1982, March 17, implementing certain aspects of Act 2/1981, govern the Mortgage Certificates issued against the Participated Mortgage Loans comprising the assets of the Fund.

The Fund is organised in order to serve as a vehicle for subscribing for the Mortgage Certificates issued by BANKINTER, pooling the same and issuing the Bonds against the same.

In accordance with article five, paragraph three, of Act 19/1992, the Organisation Deed will not be entered in the Companies Register.

III.2 Full name of the Fund and, as the case may be, short or trade name to identify the same or its securities on secondary markets.

The name of the Fund is "BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA" and the following short names may also be used without distinction to identify the Fund:

- BANKINTER 3 FTH
- BANKINTER 3 F.T.H.

III.3 Management and representation of the Fund and of the holders of the securities issued against the same.

III.3.1 Description of the duties and responsibilities taken on by the Management Company in managing and legally representing the Fund and the holders of securities issued against the same.

In accordance with article five, paragraph two, of Act 19/1992, the management and legal representation of the Fund lies with the Management Company, on the terms set in Act 19/1992, in Royal Decree 926/1998 and other applicable laws, without prejudice to the provisions of the Organisation Deed. The Economy and Finance Ministry authorised the incorporation of the Management Company as a Mortgage Securitisation Fund Management Company on December 17, 1992, and subsequently, on October 4, 1999, authorised its re-registration as a Securitisation Fund Management Company. It is moreover entered in the special register purposefully opened by the Comisión Nacional del Mercado de Valores, under number 2. The information on the Management Company is contained in Chapter VI of this Prospectus.

In accordance with the provisions of paragraph 1 of article six of Act 19/1992, it is the Management Company's duty, as the manager of third-party business, to represent and defend the interests of the Bondholders.

Consequently, the Management Company shall safeguard at all times the interests of the Bondholders making its actions conditional on their defence and observing the provisions statutorily prescribed for that purpose. The Bondholders shall have no right of action against the Fund Management Company other than for a breach of its duties or a failure to observe the provisions of the Organisation Deed.

The Management Company shall notify the Bondholders of all and any circumstances they may be interested in by publishing the appropriate notices on the terms established in sections III.5.2 and III.5.3 of this Chapter.

III.3.1.1 Administration and representation of the Fund.

The Management Company's policies 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 the Organisation Deed and/or in this Prospectus:

The Management Company's action policies.

1. Due diligence.

The Management Company shall perform its activity due diligently, as prescribed by Royal Decree 926/1998, representing the Fund and defending the interests of the Bondholders and of the Fund's other ordinary creditors as if they were its own interests, stepping up the standards of diligence, reporting and defence of their interests and avoiding situations that might result in conflicts of interest, giving the interests of the Bondholders and all other ordinary creditors of the Fund priority over third-party and its own interests.

2. Availability of means.

The Management Company has the necessary means, including suitable information systems, to discharge the Fund management functions prescribed by Royal Decree 926/1998.

3. Code of Conduct.

The Management Company shall comply with the code of conduct applicable to it. The Management Company has established an Internal Code of Conduct in pursuance of the provisions of Chapter II of Royal Decree 629/1993, May 3, regarding the rules of conduct in securities markets and mandatory registrations, which has been communicated to the Comisión Nacional del Mercado de Valores.

Obligations and actions of the Management Company for administering the Fund.

1. Fund Management.

(i) Managing the Fund in order that its net asset value is nil at all times.

(ii) 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.

(iii) Doing no things that might impair the ratings assigned by the Rating Agencies to each Series in the Bond issue, and endeavouring to take such steps as may reasonably be in its hand for said ratings not to be adversely affected at any time.

(iv) Entering into such agreements as are provided in the Organisation Deed, or as may be necessary in the future, on behalf of the Fund, in relation to its assets and liabilities, bearing in mind, however, that the execution on behalf of the Fund of any agreement not provided in the Organisation Deed shall require a change of the Fund Payment Priority Order, with the prior consent of the Rating Agencies, and a prior notice to the Comisión Nacional del Mercado de Valores in order to be made publicly available, as the case may be, being a relevant fact, or by means of a verification and registration of a supplement to the Prospectus.

(v) 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 maturity of the Bond issue, in accordance with the provisions of the Organisation Deed and this Prospectus. Moreover, making all appropriate decisions in the event of the organisation of the Fund terminating.

(vi) Complying with its formal, documentary and reporting duties to the Comisión Nacional del Mercado de Valores, the Rating Agencies and any other supervisory body.

(vii) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.

(viii) Preparing and submitting to the Comisión Nacional del Mercado de Valores and any other competent administrative body all documents and information to be submitted as established in the laws in force for the time being, in the Organisation Deed and in this Prospectus, or which may be required of it, and preparing and submitting to the Rating Agencies such information as may reasonably be required of it.

(ix) Providing the holders of Bonds issued against the Fund, the Comisión Nacional del Mercado de Valores and the public at large 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 Organisation Deed and in this Prospectus.

(x) Complying with the calculation duties laid down in the Organisation Deed and in this Prospectus and in the various Fund transaction agreements described in section V.3 of the Prospectus, or in such others as the Management Company may enter into in due course for and on behalf of the Fund.

(xi) In order to allow the Fund to operate on the terms provided in the Organisation Deed, in this Prospectus and in the regulations in force from time to time, extending or amending the agreements entered into on behalf of the Fund, substituting, as the case may be, each of the Fund service providers thereunder and, indeed, if necessary, entering into additional agreements, all of which shall be subject to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores or competent administrative body and to notice thereof being served on the rating agencies, and provided that those actions do not detract from Bondholders' interests.

2. In relation to the Mortgage Certificates and the Participated Mortgage Loans.

(i) Exercising the rights attaching to the ownership of the Mortgage Certificates subscribed for 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.

(ii) Checking that the amount of income actually received by the Fund matches the amounts that must be received by the Fund, in accordance with the terms of each Mortgage Certificate.

(iii) Validating and controlling the information received from the Servicer on the Participated Mortgage Loans, both as regards collection of ordinary instalments, early redemptions of principal, payments received on unpaid instalments and delinquency status and control.

(iv) Ensuring that the Servicers renegotiate the terms of the Participated Mortgage Loans, as the case may be, in accordance with the general or specific instructions communicated by the Management Company.

(v) Monitoring the actions agreed with the Servicers for recovering defaults, issuing instructions, where appropriate, for an execution to be levied and as to the stand to be taken at real estate auction sales. Bringing a foreclosure action where the concurrent circumstances so require.

3. In relation to the Bond Issue.

(i) Preparing and notifying the Bondholders of the information established in this Prospectus, and all other statutorily required information.

(ii) Determining on each Interest Rate Fixing Date and for every subsequent Interest Accrual Period, the nominal interest rate to be applied for each Bond Series, resulting from the determination made in accordance with the provisions of section II.10, to be published as provided by sections III.5.3.a) and c).

(iii) Calculating and settling the amounts payable on each Payment Date for interest accrued on each of the Bond Series in accordance with the provisions of section II.10, to be published as provided in sections III.5.3.a) and c).

(iv) Calculating and determining on each Determination Date the principal to be amortised and paid on each Bond Series on the relevant Payment Date in accordance with the provisions of section II.11.3, to be published as provided in sections III.5.3.a) and c).

4. In relation to the remaining financial or service transactions.

(i) Determining the interest rate applicable to each financial asset and liability transaction.

(ii) Calculating and settling the interest amounts and fees receivable and payable on the various financial asset and liability accounts, and the fees payable for the various financial services hired.

(iii) Opening on behalf of the Fund a financial account ("**Treasury Account**"), initially at BANKINTER.

(iv) In the event that the debt ratings of BANKINTER assigned by Moody's and S&P should, at any time during the life of the Bond issue, drop below the ratings respectively in Moody's and S&P's rating scales established in the Guaranteed Interest Rate Account (Treasury Account), Subordinated Credit and Interest Swap Agreements, taking the actions for which provision is made in relation to those Agreements respectively described in sections V.3.1, V.3.2 and V.3.4.

(v) Paying into the Treasury Account the amounts received from the Participated Mortgage Loan Servicer as both principal and interest and otherwise howsoever owing to the Fund on account of the same.

(vi) Watching that the amounts paid into the Treasury Account return the yield set in the Guaranteed Interest Rate Account (Treasury Account) Agreement.

5. In relation to managing the Fund's collections and payments.

(i) Calculating the Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Fund Payment Priority Order.

(ii) Instructing transfers of funds between the various asset and liability accounts, and issuing all relevant payment instructions, including those designed for servicing the Bonds.

III.3.2 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 the 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 Comisión Nacional del Mercado de Valores, 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 Comisión Nacional del Mercado de Valores'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 Comisión Nacional del Mercado de Valores.

(b) In the event that the securities issued against the funds managed by the substituted Management Company have been rated by a rating agency, the rating accorded to the securities should not drop as a result of the proposed substitution.

(iii) The Management Company may at no event resign its duties until and unless all the 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 at no event be passed on the to Fund.

(v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the Journal of the organised secondary market on which the securities of the securitisation fund managed by the company are listed.

Forced substitution.

(i) In the event that the Management Company should be adjudged a bankrupt or 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 securities issued against the same, and of the loans, in accordance with the provisions of the public organisation deed.

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 the Organisation Deed and 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.

III.3.3 Subcontracting.

The Management Company shall be entitled to subcontract or delegate 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 provided in the Organisation Deed, 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 revised, and (iv) shall be notified to the Comisión Nacional del Mercado de Valores and, where statutorily required, will first be authorised by the Commission. Notwithstanding any subcontracting or delegation, the Management Company shall not be exonerated or released, under that subcontract or delegation, from any of the liabilities undertaken in the Organisation Deed which may legally be attributed or ascribed to it.

III.3.4 The Management Company's remuneration for discharging its functions.

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 one hundred and two thousand one hundred and seventy-two (102,172.00) (ESP 16,999,990) payable on the Closing Date.

(ii) A periodic fee: equal to 0.0230% per annum, accruing on the days actually elapsed in each Interest Accrual Period, from the date of organisation of the Fund until it terminates, and payable quarterly in arrears on each of the Payment Dates, calculated on the Outstanding Principal Balance of the Bonds on the Payment Date preceding the ongoing Payment Date. The fee accrued from the date of organisation of the Fund to the first Payment Date shall be adjusted in proportion to the days elapsed between both dates, calculated on the face amount of the Bonds issued.

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

$$C = B \times \frac{0{,}0230}{100} \times \frac{d}{360}$$

Where:

C = *Fee payable on a given Payment Date.*
B = *Outstanding Principal Balance of the Bonds, on the preceding Payment Date.*
d = *Number of days elapsed during the relevant accrual period.*

In any event, the annual amount of this periodic fee may not be respectively greater or lower than the following maximum and minimum amounts, or their proportional equivalent to the actual days elapsed in each of the Interest Accrual Periods.

a) Maximum annual amount of EUR two hundred and ten thousand three hundred and fifty-five (210,355.00) (ESP 35,000,127).

b) Minimum annual amount of EUR forty-five thousand and seventy five (45,075.00) (ESP 7,499,849).

In the event that, during the period of validity 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 annual amount would be reviewed cumulatively in the same proportion, from the year 2003, 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 an interest equal to the Benchmark Interest Rate of the Bonds, payable on the next Payment Date, in the Payment Priority Order.

III.4 Net worth of the Fund and succinct specification of the assets and liabilities making up that net worth both at source and upon its operations commencing.

The Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled upon being organised, and its liabilities comprising the Bonds issued and the Starting Expenses Loan, thereby for the net worth of the Fund to be nil. Additionally, the Fund has arranged for a Subordinated Credit the undrawn principal balance of which shall be reported in memorandum accounts.

The description, characteristics and issue price of the Mortgage Certificates pooled in the Fund and of the Participated Mortgage Loans are contained in Chapter IV of this Prospectus.

The information relating to the Bonds issued is set forth in detail in Chapter II of this Prospectus.

III.4.1 Fund Assets.

a) At source.

(i) The Mortgage Certificates subscribed for and pooled in the Fund, represented by registered unit certificates, relating to a 100% participation in the principal and ordinary and late-payment interest of the Participated Mortgage Loans, as detailed in Chapter IV of this Prospectus.

The characteristics of the mortgage loans selected from the portfolio of BANKINTER, which shall be mostly assigned to the Fund through the issue of the Mortgage Certificates, are detailed in section IV.4 of this Prospectus.

(ii) The amount receivable upon the payment of the subscription underwritten for each Bond Series.

(iii) The starting expenses for organising the Fund and issuing the Bonds booked as assets.

(iv) The balance existing in the Treasury Account under the Treasury Account and Guaranteed Interest Rate Account Agreement comprising the amounts obtained under the Starting Expenses Loan, as detailed in section V.3.1 of this Prospectus.

b) During the life of the Fund.

(i) The Outstanding Balance of the Mortgage Certificates.

(ii) The balance pending amortisation of starting expenses booked as assets.

(iii) The balances over time of ordinary and late-payment interest accrued and not paid on the Mortgage Certificates corresponding to those applicable to the Participated Mortgage Loans, and the remaining rights accorded to the Fund.

(iv) The homes awarded to the Fund upon foreclosing in due course the real estate mortgages securing the Participated Mortgage Loans, any amounts or assets received upon the judicial or notarial foreclosure of the mortgage securities, or from the sale or operation of homes awarded to the Fund upon executing the mortgage securities, or in connection with the administration or interim possession of the property (in process of execution), purchase for the auction sale price or amount determined by a court decision.

(v) The amounts drawn on the Subordinated Credit established in section V.3.2 of this Prospectus.

(vi) All other balances existing in the Treasury Account and interest thereon accrued over time and not due, in accordance with the Treasury Account and Guaranteed Interest Rate Account Agreement.

(vii) All other balances over time of interest and income accrued and not due.

III.4.2 Fund Liabilities.

a) At source.

(i) The Bond issue amounting to a face value of EUR one billion three hundred and twenty-two million five hundred thousand (1,322,500,000.00) (ESP 220,045,485,000) represented by means of book entries and consisting of three Bond Series distributed as follows:

- Series A for a total face amount of EUR one billion two hundred and seventy-three million six hundred thousand (1,273,600,000) (ESP 211,909,209,600) comprising twelve thousand seven hundred and thirty-six (12,736) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

- Series B for a total face amount of EUR thirty-three million seven hundred thousand (33,700,000) (ESP 5,607,208,200) comprising three hundred and thirty-seven (337) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

- Series C for a total face amount of EUR fifteen million two hundred thousand (15,200,000) (ESP 2,529,067,200) comprising one hundred and fifty-two (152) Bonds with a unit face value of EUR one hundred thousand (100,000) (ESP 16,638,600), represented by means of book entries.

The characteristics of the Bond issue are established in Chapter II of this Prospectus.

(ii) The amount payable for subscribing for the Mortgage Certificates issued by BANKINTER.

(iii) The Starting Expenses Loan established in section V.3.3 of this Prospectus, designed to finance the starting expenses for organising the Fund and issuing the Bonds, partially finance the acquisition of the Mortgage Certificates and as to the balance to make up for the timing difference between collection of interest on the Mortgage Certificates and payment of interest on the Bonds on the first Payment Date.

(iv) The Subordinated Credit, as a memorandum account for the undrawn amount, established in section V.3.2 of this Prospectus, designed to honour certain of the Fund's payment or withholding obligations due to a shortage of Available Funds or, as the case may be, to set up the Reserve Fund.

b) During the life of the Fund:

(i) The Outstanding Principal Balance of the Bonds in each of the Series and time-apportioned interest accrued and not due.

(ii) The principal pending repayment and time-apportioned interest accrued and not due on the Starting Expenses Loan and the Subordinated Credit, if drawn down.

(iii) The balances over time for fees and other expenses established in the various transaction agreements and any others incurred by the Fund.

III.4.3 Reserve Fund.

In the event of the rating of the non-subordinated and unsecured long-term debt of BANKINTER dropping below A1 or A respectively in Moody's and S&P's rating scales, the Management Company shall, within not more than thirty (30) days of that occurrence, or five (5) Business Days if the rating drops below P-1 or A-1, in due course set up a Reserve Fund by drawing fully the amount available under the Subordinated Credit on the date on which that drawdown is made, unless BANKINTER should provide for the benefit of the Fund and at its cost a first demand security or guarantee of an institution whose short- and long-term debt has a rating of at least A1/P-1 and A/A-1 respectively in the above-mentioned rating scales, guaranteeing for the Fund, simply upon the Management Company so requesting, the amount of the drawings requested from BANKINTER up to the Maximum Credit Amount available on the relevant drawdown date, all of which shall be subject to the terms and conditions approved by the Rating Agencies for the ratings assigned to each of the Series in the Bond issue to be maintained.

At present, the non-subordinated and unsecured long-term debt of BANKINTER is rated A1 in Moody's rating scale, and A in S&P's rating scale. The non-subordinated and unsecured short-term debt of BANKINTER is rated P-1 and A-1 respectively in Moody's and S&P's rating scales.

If it should be set up, the characteristics of the Reserve Fund would be as follows:

(i) Amount:

Subsequently to being set up, on each Payment Date, an appropriation shall be made to it up to the amount established hereinafter with the Available Funds in the Payment Priority Order.

The amount of the Reserve Fund (hereinafter “Minimum Level”) shall be the lower of the following amounts:

i) EUR thirteen million two hundred and twenty-five hundred thousand (13,225,000) (ESP 2,200,454,850).

ii) 2.00% of the Outstanding Balance of the Mortgage Certificates.

In relation to the Minimum Level of the Reserve Fund, and even if all of the events provided in the above rules are met, the appropriation shall not be reduced whenever any of the following circumstances concur on a given Payment Date:

i) The figure of the amount of the Outstanding Balance of the Mortgage Certificates with an arrears in excess of ninety (90) days in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of 2.50% of the Outstanding Balance of the Mortgage Certificates on that same date.

ii) The figure of the amount of the Outstanding Balance of the Mortgage Certificates with an arrears in excess of twelve (12) months in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of the amount resulting from multiplying by 0.025% the result of the product of the total initial capital or principal of the Mortgage Certificates by the number of Payment Dates elapsed since the Closing Date.

iii) That the weighted average spread (benchmark index differential for determining the applicable interest rate) of the Mortgage Certificates on the Determination Date preceding the ongoing Payment Date is less than the result of increasing by 0.40 the average spread of the Series A and B Bonds weighted by the Outstanding Principal Balance of each of these Series.

iv) There is an Amortisation Deficit, as defined in section II.11.3.2.1.5 of this Prospectus.

Nevertheless, both the amount of the Reserve Fund and its Minimum Level may be reduced on a Payment Date and throughout the life of the Fund following an express discretionary authorisation of the Rating Agencies.

(ii) Yield:

The amount of said Reserve Fund shall be paid into the Treasury Account, and will be subject to the Guaranteed Interest Rate Account (Treasury Account) Agreement.

(iii) Application:

The Reserve Fund shall be applied on each Payment Date to satisfying the payment obligations of the Fund contained in the Payment Priority Order.

III.4.4. Risk hedging and service transactions.

In order to enhance the safety of or regularity in payment of the Bonds, cover the timing differences between the scheduled principal and interest flows on the Mortgage Certificates and the Bonds, or, generally, transform the financial characteristics of the Bonds issued, and supplement management of the Fund, the Management Company shall, on behalf of the Fund, upon the execution of the Organisation Deed, proceed to formally enter into the agreements established hereinafter.

In order for the operation of the Fund to meet the terms set in the Organisation Deed and in the laws in force from time to time, the Management Company, acting for and on behalf of the Fund, may extend or amend the agreements entered into on behalf of the Fund, substitute each of the Fund service providers under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores or competent administrative body, and to notice being served on the relevant Rating Agencies, and provided that such actions do not detract from the interests of Bondholders.

The following transactions are to be arranged on behalf of the Fund for hedging financial risks and provision of services:

(i) Guaranteed Interest Rate Account (Treasury Account) Agreement.

(ii) Subordinated Credit Agreement.

(iii) Starting Expenses Loan Agreement.

(iv) Interest Swap Agreement.

(v) Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement.

(vi) Bond Issue Management, Underwriting and Placement Agreement.

(vii) Bond Payment Agency Agreement.

(viii) Broking Agreement.

An itemised description of the most relevant terms of each of said agreements is made in section V.3 of this Prospectus, in addition to the more thorough description of the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement made in section IV.2.

III.4.5 Fund Income.

The Fund shall have the following income, which shall be paid into the Treasury Account.

The following income may be used to meet the Fund’s payment obligations:

a) The amounts received as repayment of the principal on the Mortgage Certificates.

b) Ordinary and late-payment interest on the Mortgage Certificates.

c) The amount of the Starting Expenses Loan.

d) Amounts drawn on the Subordinated Credit.

e) Receivables, as the case may be, under the terms of the Interest Flow Swap Agreement.

f) The yield obtained by reinvesting the amounts paid into the Treasury Account.

g) Any other amounts received by the Fund including those resulting from the sale of the properties awarded to the Fund or from their operation.

e) The amounts making up the Reserve Fund.

III.4.6 Expenses payable by the Fund.

The Management Company shall settle on the Fund's behalf such expenses as may be necessary for the Fund to operate, being both starting expenses and ordinary periodic and extraordinary expenses accrued throughout its life.

Value Added Tax (VAT) payable by the Fund shall be deemed to be a deductible expense for Corporation Tax purposes.

Starting expenses.

The estimated starting expenses for organising the Fund and issuing the Bonds are itemised in section II.14 of the Prospectus. Payment of the starting expenses shall be made with the amount drawn on the Starting Expenses Loan and shall not be subject to the Fund Payment Priority Order.

Expenses throughout the life of the Fund.

The Management Company shall pay on behalf of the Fund all expenses necessary for the Fund to operate, being both ordinary periodic and extraordinary expenses accruing throughout its life, which shall be settled in their relevant Fund Payment Priority Order. For illustrative purposes only, the Management Company shall satisfy the following expenses:

a) As the case may be, the balance of the starting expenses for organising the Fund and issuing the Bonds exceeding the amount of the Starting Expenses Loan.

b) Any expenses arising from the verifications, registrations and administrative authorisations that must be obtained.

c) As the case may be, expenses derived from preparing and executing and amending the Organisation Deed and the Agreements.

d) Rating Agency fees for monitoring and maintaining the Bond rating.

e) Expenses derived from Bond amortisation.

f) Expenses relating to the keeping of the Bond accounting record, for the Bonds to be represented by means of book entries, listing the Bonds on organised secondary markets and maintenance of all of the foregoing.

g) Any expenses derived from the sale of the Mortgage Certificates and the remaining assets of the Fund to liquidate the same, including those derived from obtaining a credit facility.

h) Expenses required for applying for foreclosure of the Participated Mortgage Loans and derived from recovery actions required.

i) Expenses derived from managing the Fund and the Participated Mortgage Loans.

j) Financial expenses of the Bond Issue.

k) Amounts payable, as the case may be, under the Interest Flow Swap Agreement.

l) Fees and expenses payable by the Fund for the remaining service and financial transaction agreements executed.

m) Expenses derived from inserts and notices relating to the Fund and/or the Bonds.

n) Expenses of audits and legal advice.

o) In general, any other expenses borne by the Fund or the Management Company for and on behalf of the Fund.

III.5 Drawing up, auditing and approving annual accounts and other accounting documents of the Fund.

III.5.1 Obligations and deadlines for drawing up, auditing and approving annual accounts and management reports.

The Fund's annual accounts shall be checked and reviewed every year by auditors.

The Management Company shall submit to the Comisión Nacional del Mercado de Valores the Fund's annual accounts, along with an audit report on the accounts, within four (4) months of the close of the Fund's fiscal year, which shall match the calendar year.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the auditor who is for that period of time to audit the Fund's annual accounts, reporting that appointment to the Comisión Nacional del Mercado de Valores. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods.

III.5.2 Obligations and deadlines set to publicise and submit to the Comisión Nacional del Mercado de Valores 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 quarterly to the Comisión Nacional del Mercado de Valores, as promptly as possible, the information described hereinafter, with the exception of that contained in section e) which shall be annual, in relation to each of the Bond Series, the performance of the Mortgage Certificates, early amortisations, and economic and financial status of the Fund, moreover advising it of all ordinary periodic or extraordinary notices contained in section III.5.3 of this Prospectus, and of such additional information as may be required of it.

a) In relation to each of the Bond Series on each Payment Date:

1. Principal balance outstanding and percentages represented by each of them on the initial face amount of each Series.
2. Interest accrued and paid.
3. Interest accrued and not paid.
4. Amortisation accrued and paid.
5. The amount of the Amortisation Deficit, if any.
6. Estimated average life of the Bonds in each Series if the Participated Mortgage Loan prepayment rate is maintained, as determined in section d) below.

b) In relation to the Mortgage Certificates:

1. Outstanding Balance.
2. Interest accrued and not collected on the reporting date.
3. Amount of the instalments in arrears on the Participated Mortgage Loans on the reporting date.

c) In relation to the economic and financial status of the Fund on each Payment Date:

Report on the amount of the Available Funds and the Available Funds for Amortisation and their subsequent application in the Fund Payment Priority Order.

d) In relation to Participated Mortgage Loan prepayment:

Demonstrative list of the actual Participated Mortgage Loan prepayment rate.

e) Annually, in relation to the Fund's Annual Accounts:

Balance sheet, profit & loss account, management report and audit report within four (4) months of the close of each fiscal year.

III.5.3 Ordinary, extraordinary and relevant event notification obligations.

For a proper compliance with the issue terms, the Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Ordinary periodic notices.

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 rates resulting for each of the Bond Series, for the next Interest Accrual Period.

2. Quarterly, at least one (1) calendar day in advance of each Payment Date, the Fund shall, through its Management Company, proceed to notify the Bondholders of the interest resulting from the Bonds in each of the Series, along with their amortisation, as appropriate, and moreover of:

   i) The actual Participated Mortgage Loan prepayment rate during the calendar quarter preceding the Payment Date.

ii) The average residual life of the Bonds estimated assuming that such actual prepayment rate shall be maintained as provided in sections II.11.3.3 and III.8.1.(i).

iii) The Outstanding Principal Balances, after the amortisation to be settled on each Payment Date, for each Bond in each Series, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.

iv) Furthermore, and if appropriate, the Bondholders shall be advised of the interest and amortisation amounts accrued thereby and not settled due to a shortage of Available Funds, in accordance with the rules governing the Fund Payment Priority Order.

The foregoing notices shall be made in accordance with the provisions of section c) below and will also be notified to the Comisión Nacional del Mercado de Valores, the Payment Agent, AIAF Mercado de Renta Fija and Servicio de Compensación y Liquidación de Valores, S.A., within not more than one (1) Business Day before each Payment Date.

b) Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The organisation of the Fund and the Bond issue, and the nominal interest rates in each of the Bond Series determined for the first Interest Accrual period.

2. Other:

   Any relevant event occurring in relation to the Mortgage Certificates, the Bonds, the Fund and the actual Management Company, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, or in the event of termination of the Fund organisation or a decision in due course to proceed to an early amortisation of the Bonds in any of the events provided in this Prospectus, in which case the Comisión Nacional del Mercado de Valores will be sent the Notarial Certificate of Liquidation and the procedure followed will be as referred to in sections III.8.1 and II.11.3.3 of this Prospectus.

c) 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 official journal of the AIAF Mercado de Renta Fija or any other taking its stead or similarly characterised, or by means of a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Payment 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 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 prior to the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Payment Agent, the AIAF and the Servicio de Liquidación y Compensación de Valores S.A.

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.

d) Information to the Comisión Nacional del Mercado de Valores.

The Management Company shall proceed to advise the Comisión Nacional del Mercado de Valores of both ordinary periodic and extraordinary publications made in accordance with the provisions of the preceding sections, and of such other information as may be required of it, irrespective of the above.

III.5.4 Transitional period in using the euro as the single currency in the European Union.

During the transitional period in which the peseta and the euro will coexist as units of account and payment means between January 1, 1999 and December 31, 2001, the provisions of Act 46/1998, December 17, on the changeover to the Euro shall apply.

III.6 Tax system of the Fund.

In accordance with the provisions of article 5.10 of Act 19/1992, article 7.1.g) of Corporation Tax Act 43/1995, December 27, and Royal Decree 537/1997, April 14, amended by Royal Decree 2717/1998, December 18, approving the Regulations of that Tax, the following are the characteristics peculiar to the tax system of the Fund:

(i) The organisation of the Fund is exempt from the item “corporate transactions” of the Capital Transfer and Documents Under Seal Tax.

(ii) The Fund is liable to pay Corporation Tax at the general rate in force from time to time and which currently stands at 35%.

(iii) As for returns on the Mortgage Certificates, loans or other credit rights constituting Fund income, there shall be no tax withholding or prepayment obligation.

(iv) The management of the Fund by the Management Company shall be exempt from Value Added Tax.

(v) Considerations paid to the holders of the securities issued against the Fund are deemed to be return on investments.

III.7 Amendment of the Fund Organisation Deed.

The Organisation Deed may not be howsoever amended other than in exceptional events, and, as the case may be, in accordance with the terms established by the laws in force for the time being, and provided that the amendment does not impair the rating assigned to the Bonds by the Rating Agencies, and has previously been notified to the relevant Rating Agencies and the Comisión Nacional del Mercado de Valores or competent administrative body. The Organisation Deed can also be corrected as requested by the Comisión Nacional del Mercado de Valores.

III.8 Termination and Liquidation of the Fund.

III.8.1 Early liquidation of the Fund.

Following notice served on the Comisión Nacional del Mercado de Valores, the Management Company shall be entitled to proceed to an early liquidation of the Fund and thereby an early amortisation, on a Payment Date, of the entire Bond issue, in the following Early-Liquidation Events:

(i) When the amount of the Outstanding Balance of the Mortgage Certificates pending amortisation is less than 10 per 100 of the initial Outstanding Balance, in accordance with the entitlement for which provision is made in article 5.3 of Act 19/1992.

(ii) When an event or circumstance unrelated to the actual operation of the Fund occurs which results in the financial balance of the Fund required by article 5.6 of Act 19/1992 being substantially changed or invalidated. This event includes such circumstances as the occurrence of a change in or supplementary enactments of laws, or the establishment of withholding obligations that might permanently affect the financial balance of the Fund.

(iii) In the event that the Management Company should be declared insolvent or bankrupt, or the statutory term to do so, or failing that term four months, should elapse without a new management company being designated in accordance with the provisions of section III.3.2 of this Prospectus.

The following requirements shall be necessary to proceed to that early liquidation of the Fund:

(i) That all the payment obligations derived from the Bonds issued by the Fund may be met and settled or otherwise that, before proceeding to an early liquidation of the Fund, the Management Company calls the Bondholders purely for informative purposes.

Payment obligations derived from the Bonds on the date of early liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance on that date plus interest accrued and not paid since the last Payment Date until the date of early amortisation, deducting the tax withholding, as the case may be, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

(ii) That the Bondholders are notified, as prescribed in section III.5.3 of this Prospectus and thirty (30) Business Days in advance, of the resolution by the Management Company to proceed to an early liquidation of the Fund.

That notice, previously made available to the Comisión Nacional del Mercado de Valores, shall contain a description (i) of the event or events for which an early liquidation of the Fund is effected, (ii) of the liquidation procedure, as described in the following section, and (iii) of the manner in which the payment obligations derived from the Bonds are to be met and settled.

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, shall proceed to:

(i) Sell the Mortgage Certificates for a price not below the sum of the value of the principal plus the interest accrued and not paid on the Mortgage Certificates pending amortisation.

(ii) Terminate such agreements as are not necessary for the Fund liquidation procedure.

(iii) It will be entitled to arrange for a credit facility, which shall be fully and forthwith allocated to the early amortisation of the Bond issue. Repayment of that credit facility shall be guaranteed solely with the interest and principal flows derived from the Mortgage Certificates pending amortisation and the proceeds from the sale of the other assets remaining on the assets of the Fund.

(iv) Finally, both due to an insufficiency of the preceding actions and the existence of remaining assets, it shall proceed to sell the other goods remaining on the assets of the Fund. The Management Company shall be authorised to accept such offers as shall in its opinion cover the market value of the goods at issue. In order for the market value to be fixed, the Management Company may commission such valuation reports as it shall see fit.

In events (i), (iii) and (iv) above, BANKINTER shall have a pre-emptive right on the terms established by the Management Company, and may therefore have priority over third parties to acquire the Mortgage Certificates or other assets derived therefrom remaining on the assets of the Fund or to grant to the Fund the credit facility designed for the early amortisation of the Bond Issue. The Management Company shall therefore send BANKINTER a list of the assets and third-party bids received, and the latter may use that right for all the assets offered by the Management Company or the credit facility within ten days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids.

Upon providing the reserve referred to in section III.8.2 below, the Management Company shall immediately 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 relevant Payment Priority Order, other than the obligation to endow the Reserve Fund and other than the amounts drawn, as the case may be, on the credit facility arranged, which shall be fully allocated to the early amortisation of the Bond issue.

III.8.2 Termination of the Fund.

The Fund shall terminate in the following events:

(i) Upon the full amortisation of the Mortgage Certificates pooled therein.

(ii) By the early liquidation procedure established in section III.8.1 above.

(iii) At all events, on the Final Maturity Date established for final Bond amortisation.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments by distributing the Available Funds in the set Payment Priority Order, that remainder shall be for BANKINTER on the terms established by the Management Company.

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Fund's remaining assets have been liquidated and the Fund's Available Funds have been distributed, in the Fund Payment Priority Order, with the exception of the appropriate reserve to meet final tax, administrative or advertising expenses related to termination and liquidation.

Upon a period of six (6) months elapsing from the liquidation of the Fund's remaining assets and the distribution of the 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 the Bondholders and the Comisión Nacional del Mercado de Valores were given notice, and (iii) how the Fund's available funds were distributed, in the Fund Payment Priority Order; 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 Comisión Nacional del Mercado de Valores.

The Fund shall also terminate upon the Fund organisation terminating in the event that the Rating Agencies should fail to confirm the ratings provisionally assigned as the final ratings by the start of the Subscription Period. In that event, the Fund organisation, Bond Issue and Mortgagee Certificate issue and subscription shall be terminated.

Termination of the Fund organisation shall be notified to the Comisión Nacional del Mercado de Valores as soon as such termination is confirmed, and shall be publicised by means of the procedure specified in section III.5.3.b) and c) of this Prospectus. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a Notarial Certificate 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 Fund organisation expenses payable and specified in section II.14 with the Starting Expenses Loan, which agreement shall not be terminated but shall rather be cancelled after those amounts are settled, the repayment of principal being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on the Fund's behalf.

CHAPTER IV

INFORMATION ON THE CHARACTERISTICS OF THE ASSETS SECURITISED THROUGH THE FUND

IV.1 Description of the Mortgage Certificates pooled in the Fund.

BANKINTER shall proceed to issue the Mortgage Certificates as established in Act 2/1981, March 25, Royal Decree 685/1982, March 17, and Royal Decree 1289/1991, August 2, amending certain of the former previous Royal Decree's articles, in order for the Management Company to proceed to pool the same in the Fund as established in Act 19/1992 and other applicable laws. Given that the Fund is an institutional investor, the issue of the Mortgage Certificates shall not be subject to a marginal note on each entry of the mortgages in the Land Registry.

The total face value of the issue of Mortgage Certificates shall be at least equal to the aggregate amount of the Bond issue. Each Mortgage Certificate represents 100 percent of the principal and interest respectively pending amortisation and accrual on each of the Participated Mortgage Loans to which they are related.

The Participated Mortgage Loans assigned upon the issue of the Mortgage Certificates are part of a selection of mortgage loans, whose characteristics are described in section IV.4 of this Chapter. The outstanding principal on the 19,868 mortgage loans selected at October 2, 2001 amounted on that date to ESP 227,667,141,036 (EUR 1,368,307,075.33).

a) Identification of the Credit Institutions issuing those certificates:

The issuer of said Mortgage Certificates is BANKINTER, holder of the Participated Mortgage Loans.

As holder of the Participated Mortgage Loans until the Mortgage Certificates are issued, BANKINTER shall warrant as follows in the Fund Organisation Deed to the Management Company and the Fund in relation to the Participated Mortgage Loans:

(1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being and entered in the Companies Register, and that it is authorised to operate in the mortgage market.

(2) That neither at today's date nor at any time since it was incorporated has it been insolvent, under receivership or bankrupt.

(3) That the Mortgage Certificates are issued on market terms and in accordance with Act 2/1981, Royal Decree 685/1982, Royal Decree 1289/1991, Act 19/1992 and other applicable regulations, meet all the requirements established therein and may be made part of a Mortgage Securitisation Fund.

(4) That its corporate bodies have validly passed all resolutions required to issue the Mortgage Certificates and to validly execute the Fund Organisation Deed, the agreements and additional undertakings made.

(5) That the Participated Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.

(6) That it holds absolute title to all the Participated Mortgage Loans and there is no obstacle whatsoever for the Mortgage Certificates to be issued.

(7) That the details of the Mortgage Certificates and the Participated Mortgage Loans to be included in Schedule 5 to the Organisation Deed accurately reflect the current position of those Loans and Certificates and are full and accurate.

(8) That the Participated Mortgage Loans are all secured with a real estate mortgage ranking first on the fee absolute of each and every one of the mortgaged properties, which are not encumbered with any prohibitions on their disposal, conditions subsequent or any other limitation as to title.

(9) That the Participated Mortgage Loans are all perfected in a public deed, and the mortgages are all entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations.

(10) That the mortgagors are all individuals resident and not resident in Spain.

(11) That the Participated Mortgage Loans have been granted in order to finance private individuals with a real estate mortgage security in the purchase, building or renovation of homes located in Spain, or are substitutions by private individuals of financings granted to developers of homes designed to be sold or leased.

(12) That the mortgages are granted on properties wholly owned in fee absolute 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.

(13) That the mortgaged homes have all been appraised by duly qualified institutions approved by BANKINTER, evidence of which appraisal has been provided in the form of an appropriate certificate. The appraisals made meet all the requirements established in the mortgage market laws.

(14) That the principal on each of the Participated Mortgage Loans does not exceed 80% of the appraised value of the mortgaged properties as security for the relevant Participated Mortgage Loan.

(15) That it is not aware of there having been any drop in the value of any of the mortgaged properties in excess of 20% of the appraised value.

(16) That, in addition to property damage insurance taken out by the mortgagors, the properties on which mortgage security has been granted are all covered by a comprehensive fire insurance policy, in which the insured capital covers at least the appraised value of the mortgaged property, excluding elements that cannot by nature be insured.

(17) That the Participated Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Mortgage Certificates hereby issued.

(18) That none of the Participated Mortgage Loans have any overdue payments on the date of issue of the Mortgage Certificates.

(19) That it is not aware that any of the obligors of the Participated Mortgage Loans holds any credit right against BANKINTER whereby that obligor might be entitled to a set-off.

(20) That the policies contained in the Memorandum on Policies for Granting the Mortgage Loans to be attached as Schedule 7 to the Organisation Deed have been strictly adhered to in granting each and every one of the Participated Mortgage Loans and in accepting, as the case may be, the substitution of subsequent borrowers in the position of the initial borrower.

(21) That the deeds for the mortgages granted on the homes to which the Participated Mortgage Loans relate have all been duly filed in the records of BANKINTER suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Participated Mortgage Loans are all clearly identified both in data files and by means of their deeds.

(22) That the Outstanding Balance of principal on each of the Participated Mortgage Loans on the date of issue is equivalent to the principal figure of the relevant Mortgage Certificate, and in turn the total principal of the Mortgage Certificates shall be at least equivalent to the face value of the Bond issue.

(23) That after being granted, the Participated Mortgage Loans have been serviced and are still being serviced by BANKINTER in accordance with set customary procedures.

(24) That it has no knowledge of the existence of any litigation whatsoever in relation to the Participated Mortgage Loans which may detract from their validity.

(25) That it is not aware of the premiums accrued heretofore by the insurance taken out referred to in paragraph (16) above not having been fully paid.

(26) That it has received no notice whatsoever of full prepayment of the Participated Mortgage Loans on the date of issue.

(27) That it is not aware of the existence of any circumstance whatsoever which might prevent the mortgage security from being enforced.

(28) That the Participated Mortgage Loans are written off the assets of BANKINTER on the date of the Organisation Deed, in the participated amount, in accordance with the provisions of Banco de España Circular 4/91, without prejudice to the effects that partial or full subscription for the Bond issue may have for BANKINTER pursuant to that Circular.

(29) That there is no outstanding issue whatsoever of mortgage debentures or mortgage bonds made by BANKINTER.

(30) That the information on the portfolio of Mortgage Certificates and Participated Mortgage Loans contained in the Prospectus concerning the organisation of the Fund and the Bond issue is accurate and strictly true.

(31) That the Participated Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds or Mortgage Certificates, other than the issue of the Mortgage Certificates, and after their issue the Participated Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds or other Mortgage Certificates.

b) Number and amount of the Mortgage Certificates pooled in the Fund:

The Mortgage Certificates that BANKINTER is to issue upon the Fund being organised to be subscribed for will make up an as yet indeterminate number of Mortgage Certificates whose total capital shall amount to a value at least equal to the aggregate amount of this Bond issue.

The issue price of the Mortgage Certificates will be at par. The total price payable by the Fund for subscribing for the Mortgage Certificates shall be the amount equivalent to the sum of (i) the face value of the capital or principal of each of the Mortgage Certificates, and (ii) the ordinary interest accrued and not due on each of the Participated Mortgage Loans from the last interest settlement date of each of the loans until the date of issue of the Mortgage Certificates (the "**accrued interest**").

The Management Company shall pay the aggregate Subscription price for the Mortgage Certificates on behalf of the Fund as follows:

(i) The part of the issue price consisting of the face value of the capital of all the Mortgage Certificates, subparagraph (i) of the preceding paragraph,, shall be paid on the Bond Closing Date.

(ii) The part of the price consisting of the interest accrued on each of the Participated Mortgage Loans, subparagraph (ii) of the second last paragraph above, shall be paid on the collection date falling on the first interest settlement date of each of the loans, after the issue date of the Mortgage Certificates, and will not be subject to the Fund Payment Priority Order.

If the Fund organisation and hence the Mortgagee Certificate issue and subscription should terminate, (i) the Fund's obligation to pay the Mortgage Certificates shall terminate, (ii) the Management Company shall be obliged to restore to BANKINTER any rights whatsoever accrued for the Fund upon subscribing for the Mortgage Certificates, and (iii) BANKINTER shall once again enter the Participated Mortgage Loans among its balance-sheet assets.

c) Description of rights in the underlying loans conferred by the certificates on the holder:

The Mortgage Certificates represent a 100 percent participation in the principal, ordinary and late-payment interest of each Participated Mortgage Loan.

In accordance with article 5.8 of Act 19/1992, BANKINTER shall not bear the risk of delinquency on the Mortgage Certificates and shall therefore have no liability whatsoever for delinquency of the mortgagors, whether of principal, interest or any other amount they may owe under the Participated Mortgage Loans. It will not take on any other responsibility whatsoever to directly or indirectly guarantee that the transaction will be successful, nor give any guarantees or securities, nor indeed agree to repurchase the Mortgage Certificates, other than for the provisions of section IV.1.d) below.

Specifically, the Mortgage Certificates confer the following rights in relation to each of the Participated Mortgage Loans:

a) to receive all the amounts accrued as amortisation of the capital or principal of the loans;

b) to receive all the amounts accrued as ordinary interest on the loans;

c) to receive all the amounts accrued as late-payment interest on the loans;

d) to receive any other amounts, assets or rights received as payment of principal, interest or expenses on the Participated Mortgage Loans, either in the form of the auction sale price or amount determined by a court decision or notarial procedure foreclosing the mortgage securities, on the sale or operation of properties awarded or, upon foreclosing, in the administration or interim possession of the properties in process of execution;

e) to receive all possible rights or compensations accruing for BANKINTER, including not only those derived from the insurance contracts attached to the loans which are also assigned to the Fund, but also those derived from any ancillary right attached to the loan, excluding the fees established in each of the Participated Mortgage Loans, which shall remain to the benefit of BANKINTER.

The above-mentioned rights will all accrue for the Fund from the date of execution of the Organisation Deed and issue of the Mortgage Certificates, with the exception of ordinary interest, which shall accrue from the last interest settlement date on each of the Participated Mortgage Loans, on or before the date of issue of the Mortgage Certificates.

The rights of the Fund resulting from the Mortgage Certificates are linked to the payments made by the debtors of the Participated Mortgage Loans, and are hence directly affected by the evolution, delays, prepayments or any other incident relating thereto.

Until the execution of the Organisation Deed, BANKINTER shall be the beneficiary of the property damage insurance contracts taken out by the mortgagors in relation to the mortgaged properties as security for the Participated Mortgage Loans, up to the insured amount, and each of the mortgage loan deeds shall, in the event of default on the relevant premium by the obligor (holder) of the insurance, authorise the mortgagee BANKINTER to pay the premium amount for the obligor in order that the premiums are always paid. Under the Fund Organisation Deed, BANKINTER shall perfect the assignment attached to the issue of the Mortgage Certificates of the rights it has as the beneficiary of those property damage insurance contracts taken out by the mortgagors or any other insurance policy providing equivalent cover. As the holder of the Mortgage Certificates, the Fund shall be entitled to all the amounts BANKINTER would have received in this connection.

Payments to the Fund of both interest and other returns on the Mortgage Certificates shall not be subject to withholding tax as established in Royal Decree 537/1997, April 14, approving the Corporation Tax Regulations.

The Fund shall bear with all and any expenses or costs arising for BANKINTER derived from the repossession actions in the event of a breach of obligations by the debtors of the Participated Mortgage Loans, including foreclosing against the same.

d) Set rules for substituting Mortgage Certificates pooled in the Fund:

a) In the event of early amortisation of the Mortgage Certificates due to a prepayment of the loan capital, there will be no substitution of the Mortgage Certificates affected thereby.

b) In the event that it should be observed throughout their life that any of the Mortgage Certificates fails to meet the representations listed in section IV.1.a) of this Prospectus and the specific characteristics of the Participated Mortgage Loans notified by BANKINTER to the Management Company, BANKINTER agrees, subject to the Management Company's consent, to proceed forthwith to substitute the Mortgage Certificate in that situation, subject to the following rules:

   1. BANKINTER shall advise the Management Company, on behalf of the Fund, of the existence of the non-complying Mortgage Certificate and, for substitution thereof, of the characteristics of the mortgage loans proposed to be assigned in new Mortgage Certificates similarly characterised as to residual term, interest rate, outstanding principal value, and credit quality construed as the existing ratio between the outstanding principal of the certificate and the appraised value of the property securing the participated loan, in order for the financial balance of the Fund, and indeed its rating in accordance with the provisions of section II.3 of this Prospectus, to be unaffected by the substitution. Once the Management Company has checked that the substitute loan is appropriate and expressly agreed to it, BANKINTER shall proceed to cancel the affected Mortgage Certificate, rubber-stamp the certificate representing the same, and issue another or other certificates taking its stead.

   2. The substitution shall be recorded in a Notarial Certificate setting forth all the particulars both of the Mortgage Certificate to be replaced and the Participated Mortgage Loan attached thereto, and of the new Mortgage Certificate or Mortgage Certificates issued, along with details of the Participated Mortgage Loans, and the reason for substituting and characteristics determining the homogenous nature of both Mortgage Certificates as described in the paragraph immediately preceding, a copy of which shall be filed by the Management Company with the Comisión Nacional del Mercado de Valores, the organisation in charge of the accounting record for the Bonds and the AIAF Governing Body, notifying the Rating Agencies.

c) Subsidiarily to the obligation undertaken under section b) above, in the event that there should be call to substitute any Mortgage Certificate and that no new Mortgage Certificates should be issued on the homogeneity and suitability terms set in rule 1 of said section, BANKINTER shall proceed to an early amortisation of the Mortgage Certificate. That early amortisation shall take place by a repayment in cash to the Fund of the outstanding principal, the interest accrued and not paid, and any other amount owing to the Fund until that date under the relevant Mortgage Certificate and by rubber-stamping the certificate representing the same.

e) Other terms established in the issue of those certificates and in their subscription by the Fund and the system established, as the case may be, for transferring those Mortgage Certificates:

The issue price and terms for subscribing for and paying up the Mortgage Certificates and the description of the rights conferred thereby have been provided above in paragraphs b) and c) of this section.

As prescribed by Mortgage Market Regulation Royal Decree 685/1982, amended by Royal Decree 1289/1991, the Mortgage 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 certificate and the new holder's address shall be notified by the transferee to the issuer.

The transferor shall not be liable for the solvency of the issuer or of the debtor of the participated credit, nor indeed of the sufficiency of the mortgage securing it.

BANKINTER, as the issuer, shall keep a special book in which it shall enter the Mortgage Certificates issued on each Participated Mortgage Loan, and the transfers of such Certificates notified to it, the Mortgage Certificates being applied the provisions of article 53 of the above-mentioned Royal Decree for registered certificates. The same book shall include the changes of address notified to it by the certificate holders.

The book shall moreover include the following particulars:

a) Participated Mortgage Loan commencement and maturity date, initial amount and settlement method.

b) Mortgage registration particulars.

f) Representation of the Mortgage Certificates and custodians or institutions in charge of keeping their accounting record in the case of book entries:

The Mortgage Certificates shall be represented by registered unit certificates which shall contain the minimum data provided in article 64 of Royal Decree 685/1982, March 17, amended by Royal Decree 1289/1991, August 2, and specifically the registration particulars of the properties securing the Participated Mortgage Loans.

The Mortgage Certificates subscribed for by the Fund and represented by means of registered certificates shall be deposited at BANKINTER, and the relations between the Fund and BANKINTER shall be governed by the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement to be entered into between BANKINTER and the Management Company for and on behalf of the Fund. That custody shall be established for the benefit of the Fund in such a way that BANKINTER shall custody the Mortgage Certificates deposited, following the Management Company’s instructions.

g) Servicing and custody of the Participated Mortgage Loans referred to in section IV.2 below:

BANKINTER, issuer of the Mortgage Certificates to be subscribed for by the Fund, in accordance with the provisions of article 61.3 of Royal Decree 685/1982, agrees to custody and service the Participated Mortgage Loans, and the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement shall govern the relations between BANKINTER (hereinafter in regard to this Agreement the “**Servicer**”) and the Fund, represented by the Management Company, in regard to the custody and servicing of the Participated Mortgage Loans and custody of the Mortgage Certificates. In consideration of the servicing of the Participated Mortgage Loans and custody of the Mortgage Certificates, the Servicer shall be entitled to receive in arrears on each of the Payment Dates and during the term of the Servicing Agreement, a subordinated servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the days actually elapsed and on the average daily Outstanding Balance of the Mortgage Certificates serviced during each Interest Accrual Period. If the Servicer should be substituted in that servicing task, because that is appropriate in view of circumstances of the Servicer which might prevent or make it difficult for that servicing to be properly performed, the Management Company will be entitled to change the above percentage fee in favour of the substitute institution by up to not more than 0.10% per annum.

If due to a shortage of liquidity in the Fund Payment Priority Order, the Fund should, through its Management Company, fail on a Payment Date to pay the full fee due, the amounts overdue shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, whereupon they shall be paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to a reimbursement of all expenses of an exceptional nature incurred, such as in connection with foreclosures, sale of properties, etc and after first justifying the same in relation to the servicing of the Participated Mortgage Loans. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Fund Payment Priority Order.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

IV.2 Succinct and short description of the ordinary Participated Mortgage Loan servicing and custody system and procedures, focusing particularly on the set procedures relating to late payment and delinquency on principal or interest, prepayments, foreclosure and amendment or renegotiation, as the case may be, of the loans.

IV.2.1 Servicing of the Participated Mortgage Loans.

BANKINTER shall continue servicing the Participated Mortgage Loans, devoting as Servicer the same time and effort to them and the same degree of skill, care and diligence in servicing the same as it would devote and use to service mortgage loans with respect to which no Mortgage Certificates shall have been issued, and will in any event exercise a suitable degree of skill, care and diligence in providing the services for which provision is made in said Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement (the "**Servicing Agreement**").

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

The succinct and short description of the ordinary system and procedures (hereinafter the "services") for servicing and managing the Participated Mortgage Loans governed by said Servicing Agreement are as follows:

1. **Term.**

   The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as issuer of the Participated Mortgage Loans terminate in relation to them, once all the Mortgage Certificates have been amortised or when liquidating of the Fund concludes upon the Fund terminating.

2. **Custody of deeds, documents and files.**

   The Servicer shall keep all deeds, documents and data files relating to the Participated Mortgage Loans and property damage insurance policies of the mortgaged properties under safe custody and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to foreclose a Participated Mortgage Loan.

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

3. Collection management.

The Servicer shall continue managing collection of all amounts payable by the mortgagors under the Participated Mortgage Loans, and any other item including under the insurance contracts of the mortgaged properties securing the Participated Mortgage Loans. The Servicer shall act due diligently for payments to be made by the borrowers to be collected in accordance with the terms and conditions of those Participated Mortgage Loans.

Provided that those payments are received by the Servicer, the latter shall proceed to pay them fully to the Fund, on the seventh business day, same day value, after the date on which they were received by the Servicer, in accordance with the set terms and conditions. The Management Company may change the periods, collection dates and method of payment at any time during the term of the Servicing Agreement.

4. Fixing the interest rate.

In connection with Participated Mortgage Loans having a floating interest rate, the Servicer shall continue fixing those interest rates in accordance with the provisions of the relevant Participated Mortgage Loans, submitting such relevant communications and notices as may be established in the respective agreements.

5. Extended mortgage.

If the Servicer should become aware at any time that for any reason the value of a mortgaged real estate securing a Participated Mortgage Loan has dropped in excess of the percentages permitted by law, it shall, in accordance with the provisions of articles 26 and 29 del Royal Decree 685/1982, request the borrower at issue to the extent legally required to:

i) extend the mortgage to other assets sufficient to cover the required ratio between the value of the asset and the credit secured thereby, or

ii) return all the loan or such portion of the 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 months of being requested to extend the mortgagor should fail to do so or return the portion of the Participated Mortgage Loan referred to in the preceding paragraph, the mortgagor shall be deemed to have elected to return the entire Loan, which the mortgagor shall be forthwith required to do by the Servicer.

6. Mortgaged property damage insurance.

The Servicer shall not take or fail to take any action resulting in the cancellation of any property damage insurance policy covering the properties or reducing the amount payable in any claim thereunder. The Servicer shall act due diligently and in any event exercise the rights conferred under the insurance policies or the Participated Mortgage Loans in order to keep those policies (or any other policy granting equivalent cover) in force and fully effective in relation to each Participated Mortgage Loan and the respective property subject of the Participated Mortgage Loan.

The Servicer shall be bound to advance payment of policy premiums not paid by the borrowers whenever it is fully acquainted with this circumstance, without prejudice to its right to be reimbursed by the Fund for amounts so paid.

In the event of a claim, the Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Participated Mortgage Loans and the actual policies, paying the amounts received to the Fund, as the case may be.

7. Information.

The Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each of the Participated Mortgage Loans, to fulfilment by the borrowers of their obligations under the Participated Mortgage Loans, to the status of arrears and ensuing changes in the characteristics of the Participated Mortgage Loans, and to actions in the event of late payment and auction sale of properties.

The Servicer shall prepare and hand to the Management Company such additional information relating to the Participated Mortgage Loans or the rights attaching thereto as the Management Company may reasonably request.

8. Liabilities.

The Servicer shall be liable to compensate the Fund or its Management Company for any damage, loss or expense incurred by the latter due to a breach by the Servicer of its duties to custody, service and report on the Participated Mortgage Loans.

9. Substitution of the Loan obligor.

The Servicer shall be authorised to permit substitutions in the position of the obligor under Participated Mortgage Loan agreements, exclusively where the characteristics of the new mortgagor are similar to those of the former mortgagor and those characteristics observe the policies for granting mortgage loans described in the relevant Memorandum on Policies for Granting Mortgage Loans attached to the Fund Organisation Deed, and moreover provided that the expenses derived from that change are fully borne by the mortgagors. The Management Company may fully or partially limit this authority of the Servicer or lay down conditions therefor, in the event that there might be consequences being howsoever detrimental to the rating accorded to the Bonds by the Rating Agencies.

10. Authorities and actions in relation to Participated Mortgage Loan renegotiation procedures.

The Servicer may not voluntarily cancel the mortgages securing the Participated Mortgage Loans for any reason other than payment of the Participated Mortgage Loan, relinquish or settle in regard thereto, forgive the Participated Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the status, legal effectiveness or economic value of the mortgage or of the Participated Mortgage Loans, without prejudice to its proceeding to heed requests by the mortgagors with the same diligence and procedure as if the loans were not participated.

Notwithstanding the above, the Management Company may in exceptional circumstances, to avoid the costs and uncertainties attaching to any foreclosure proceedings and maintain the economic balance of the Fund, and in any event safeguarding the interests of Bondholders, as manager of third-party business, issue instructions to or authorise the Servicer previously to agree with the obligor, on the terms and conditions provided in this section, and further bearing in mind Act 2/1994 on substitution and amendment of mortgage loans, renewal modifying the Participated Mortgage Loans at issue, in connection with either an interest rate renegotiation or an extension of the maturity period.

a) Renegotiating the interest rate.

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 Participated Mortgage Loan.

Without prejudice to the provisions hereinafter, any renegotiation subscribed by the Servicer shall be made exclusively with the prior written 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 a mortgagor has requested a renegotiation. The Management Company will nevertheless initially authorise the Servicer to accept renegotiations of the interest rate applicable to the Participated Mortgage Loans, requested by the mortgagors, without requiring the prior consent of the Management Company, subject to a number of general requirements relating to each of the Participated Mortgage Loan benchmark rates or indices, which indices are described in section IV.4.d) of this Prospectus.

The Management Company may at any time during the term of the Agreement, on behalf of the Fund, cancel, suspend or change the requirements for the Servicer's authorisation to renegotiate which it may previously have given the Servicer. In any event, whether or not it was generically authorised, any Participated Mortgage Loan interest rate renegotiation shall be taken on and settled bearing in mind the interests of the Fund.

In the event of a lower spread (benchmark index differential) being renegotiated for the interest rate applicable to the Participated Mortgagee Loans, the new spread established may not be less than 0.50. Without prejudice to the above, in the event of a lower spread being renegotiated, if the weighted average spread of the Mortgage Certificates should be equal to or less than 0.55, the Services agrees to pay the Fund, for the Participated Mortgage Loan, on each collection date after the date on which the modified spread takes effect and until the loan is repaid, an amount equal to the difference in the interest accrued by the Participated Mortgage Loan during each interest settlement period, calculated on the Participated Mortgage Loan spread before being modified and calculated at the new spread established. The obligor may nevertheless proceed to an early repayment of the Participated Mortgage Loan at any time, on the terms for which provision is made in the relevant deed, or substitute the lender in that capacity under Act 2/1994 in relation to substitution and amendment of mortgage loans.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Participated Mortgage Loans may be extended (hereinafter "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 there being so requested by the mortgagor, a change in the final maturity date of the Participated Mortgage Loan which may result in an extension of that date. 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 initial capital or principal of the Mortgage Certificates issued on the Participated Mortgage Loans with respect to which the maturity date is extended may not exceed 5.00% of the total initial capital or principal of the Mortgage Certificates issued by the Servicer.

(iii) The term of a specific Participated Mortgage Loan may be extended provided that the following requirements are met:

a) That the periodicity of repayment instalments of the capital or principal of the Participated Mortgage Loan is at all events maintained or reduced, albeit keeping the same repayment system in place.

b) That the new final maturity or final amortisation date does not extend beyond September 30, 2035.

c) That there was no delay in payment of amounts due on the Participated Mortgage during the last six (6) months before the effective date of the extension of the term.

(iv) The Management Company may at any time during the term of the Servicing Agreement, on the Fund's behalf, cancel or suspend the Servicer's authorisation to extend the term.

If there should be any renegotiation of a Participated Mortgage Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Participated Mortgage Loans to be updated. Both the public deeds and the private agreements pertaining to the renewal of the terms of the Participated Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

In the event of a renegotiation of the Participated Mortgage Loans, or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund in accordance with rule fifteen, section 2d) of Banco de España Circular 4/91, June 16.

11. Remedies of the holder of the Mortgage Certificates in the event of breach of obligations by the mortgagor.

The Servicer shall apply the same diligence and the same procedure for claiming amounts due on the Participated Mortgage Loans as those applied to the rest of the loans on its portfolio. The Servicer shall as a general rule apply for foreclosure, advancing all necessary expenses to do so, if, for a period of six (6) months, an obligor under a Participated Mortgage Loan in default of payment obligations should fail to resume payments or the Servicer, with the Management Company's consent, should fail to obtain a payment undertaking satisfactory to the interests of the Fund, and shall in any event forthwith proceed to apply for such foreclosure if the Management Company, on behalf of the Fund, should deem this fit after analysing the specific circumstances of the case.

In the event of delinquency by any mortgagor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided in article 66 of Royal Decree 685/1982, amended by Royal Decree 1289/1991:

(i) To demand the Servicer to apply for foreclosure.

(ii) To take part with equal rights with BANKINTER, as issuer of the Mortgage Certificates, in the foreclosure the latter shall have instituted against the debtor, intervening to that end in any foreclosure proceedings commenced by the latter, and to share in the proceeds of the sale pro rata to its percentage in the executed credit and without prejudice, as the case may be, to BANKINTER receiving the difference between the interest agreed under the Participated Mortgage Loan and that agreed under the Mortgage Certificate.

(iii) If BANKINTER 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 participated credit in the amount of its percentage participation in both principal and interest.

(iv) In the event that the proceedings instituted by BANKINTER should come to a standstill, the Fund, duly represented by the Management Company, may be substituted in the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the cases 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 Mortgage Certificate document, the notice served though a Notary Public provided in section (iii) above and an office certificate as to the registration and subsistence of the mortgage.

If this should be required by law, and for the purposes of the provisions of the Civil Procedure Act, BANKINTER shall confer in the Organisation Deed an irrevocable and as extensive and sufficient a power of attorney as may be required by Law in order for the Management Company, acting for and on behalf of BANKINTER, to demand through a Notary Public payment of the debt by a mortgagor under any of the Participated Mortgage Loans.

The Management Company, for and on behalf of the Fund as holder of the Mortgage 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 its credit. The Management Company shall proceed to sell the property awarded within the shortest possible space of time on market terms.

Additionally, the Servicer will provide the Management Company with all such documents as the latter may request in relation to the Participated Mortgage Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

12. Executive action against the Servicer.

The Management Company shall, for and on behalf of the Fund, have an executive action against the Servicer to enforce the principal and interest falling due under the Mortgage Certificates, where the breach of the obligation to pay those amounts does not result from non-payment by the obligors of the Participated Mortgage Loans.

Upon the Participated Mortgage Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

13. Set-off.

In the event that any of the obligors under the Participated Mortgage Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and any of the Participated Mortgage Loans should therefore be fully or partially set-off against that credit, the Servicer shall remedy such circumstance or, if it cannot be remedied, the Servicer shall proceed to pay into the Fund the amount set off plus the 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 Participated Mortgage Loan.

14. 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 at 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 of the Bond Series being adversely revised. Notwithstanding any subcontracting or delegation, the Servicer shall not be exonerated or released under that subcontract or delegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

15. Substitution.

In the event of a breach by the Servicer of any of the obligations imposed in the Servicing Agreement on the Servicer, the Management Company shall be entitled to demand the Servicer to perform as agreed or, as the case may be and where this is legally possible, terminate the Servicing Agreement. Similarly, in the event that the Servicer's rating should drop, the Management Company shall be entitled, where this is legally possible, to terminate the Servicing Agreement. In the event of termination of the Agreement, the Management Company shall previously designate a new Servicer for the Participated Mortgage Loans, provided that it has a credit quality acceptable to the Rating Agencies and that the new Servicer accepts the obligations contained in the Servicing Agreement.

Upon the early termination of the Servicing Agreement, the Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files for it to carry on the relevant activities.

IV.3 Succinct and short description of the general policies for granting and terms for perfecting established in regard to mortgage loans by the institutions issuing the certificates pooled in the Fund.

IV.3.1 Succinct description of the procedures established by BANKINTER, issuer of the Mortgage Certificates, for analysing risks and granting mortgage loans.

The Participated Mortgage Loans have been granted by BANKINTER, issuer of the Mortgage Certificates, in accordance with its usual standards, which will be described in Schedule 7 to the Fund Organisation Deed, in the relevant "Memorandum on the Policies for Granting the Mortgage loans".

IV.3.2 Statistical information on the evolution of the amounts and number, balances outstanding, average amount, average interest, and average term, of the portfolio of mortgage loans.

The following table shows the evolution over the last five years of the credit investment of BANKINTER, granted to finance homes for individuals, detailing the number of outstanding loans granted for such purpose, the nominal interest rate as an average percentage weighted on the principals pending repayment, and the delinquency on this investment.

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Rate of Delinquency	Suspended assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
1.10.2001	127,983	1,514,019	5.17	3,334	1,517,353	0.22	23
31.12.2000	108,793	1,226,760	5.32	3,081	1,229,841	0.25	321
31.12.1999	85,324	910,578	4.68	1,889	912,467	0.21	68
31.12.1998	59,014	578,760	4.58	1,295	580,055	0.22	211
31.12.1997	35,826	326,511	5.69	1,608	328,119	0.49	241

Balances in ESP millions

4: Nominal interest rate weighted on the principal pending repayment

5: Asset qualifying as doubtful in accordance with Banco de España Circular 4/1991

6: 3+5

7: 5/6*100

8: Suspended asset, struck off the balance sheet, in accordance with Banco de España Circular 4/1991

IV.4 Description of the portfolios of mortgage loans raised through the Mortgage Certificates pooled in the Fund.

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

The provisional mortgage loan portfolio which shall be the basis for issuing Mortgage Certificates comprises 19,868 mortgage loans, the outstanding principal thereon at October 2, 2001 being ESP 227,667,141,036 (EUR 1,368,307,075.33).

b) Maximum, minimum and average values of the principals of the mortgage loans.

The outstanding principal on the mortgage loans at October 2, 2001 ranges between ESP 1,996,929 and ESP 49,346,607.

The following table shows the distribution of the outstanding principal balance of the mortgage loans in ESP 2,000,000 intervals. No details of intervals with no contents are given.

Mortgage loan portfolio at 2.10.2001 Classification by outstanding principal				
Interval of outstanding principal (in ESP)	Loans No.	%	Outstanding principal (ESP)	%
0 - 1,999,999	1	0.01	1,996,929	0.00
2,000,000 - 3,999,999	1,278	6.43	4,052,078,084	1.78
4,000,000 - 5,999,999	2,504	12.60	12,753,763,037	5.60
6,000,000 - 7,999,999	3,032	15.26	21,272,074,840	9.34
8,000,000 - 9,999,999	3,100	15.60	27,965,550,372	12.28
10,000,000 - 11,999,999	2,490	12.53	27,389,272,276	12.03
12,000,000 - 13,999,999	2,002	10.08	26,001,027,456	11.42
14,000,000 - 15,999,999	1,626	8.18	24,217,195,230	10.64
16,000,000 - 17,999,999	1,032	5.19	17,509,498,722	7.69
18,000,000 - 19,999,999	864	4.35	16,385,738,109	7.20
20,000,000 - 21,999,999	501	2.52	10,495,993,718	4.61
22,000,000 - 23,999,999	432	2.17	9,922,186,490	4.36
24,000,000 - 25,999,999	283	1.42	7,037,291,383	3.09
26,000,000 - 27,999,999	179	0.90	4,829,655,111	2.12
28,000,000 - 29,999,999	196	0.99	5,677,560,052	2.49
30,000,000 - 31,999,999	122	0.61	3,779,689,278	1.66
32,000,000 - 33,999,999	60	0.30	1,974,119,127	0.87
34,000,000 - 35,999,999	53	0.27	1,834,164,624	0.81
36,000,000 - 37,999,999	42	0.21	1,555,065,630	0.68
38,000,000 - 39,999,999	23	0.12	893,123,056	0.39
40,000,000 - 41,999,999	14	0.07	573,422,964	0.25
42,000,000 - 43,999,999	12	0.06	518,895,032	0.23
44,000,000 - 45,999,999	9	0.05	402,349,940	0.18
46,000,000 - 47,999,999	5	0.03	235,413,900	0.10
Total Portfolio	**19,868**	**100.00**	**227,667,141,036**	**100.00**
	Average principal:		**11,458,986**	
	Minimum principal:		**1,996,929**	
	Maximum principal:		**49,346,607**	

c) Actual interest rate applicable at present: maximum, minimum and average rates of the mortgage loans.

The mortgage loans on the provisional portfolio all have a floating interest rate. The nominal interest rates applicable to the mortgage loans at October 2, 2001 range between 3.50% and 8.12% and the average nominal interest rate weighted on the outstanding principal is 5.29%.

The following table shows the distribution of the mortgage loans in nominal interest rate intervals of 0.50%. No details of intervals with no contents are given.

Mortgage loan portfolio at 2.10.2001 Classification by Nominal Interest Rates					
Interest Rate % Interval	Loans	%	Outstanding principal (ESP)	%	%Interest rate*
3.50 - 3.99	2	0.01	18,818,865	0.01	3.68
4.00 - 4.49	10	0.05	163,282,505	0.07	4.39
4.50 - 4.99	3,974	20.00	56,142,578,754	24.66	4.81
5.00 - 5.49	9,659	48.62	108,226,243,515	47.54	5.21
5.50 - 5.99	5,056	25.45	54,029,426,961	23.73	5.79
6.00 - 6.49	1,005	5.06	8,108,500,179	3.56	6.15
6.50 - 6.99	145	0.73	830,647,158	0.36	6.76
7.00 - 7.49	13	0.07	88,800,036	0.04	7.21
7.50 - 7.99	3	0.02	35,657,261	0.02	7.71
8.00 - 8.49	1	0.01	23,185,802	0.01	8.12
Total Portfolio	**19,868**	**100.00**	**227,667,141,036**	**100.00**	

Weighted Average:	**5.29**
Simple Average:	**5.34**
Minimum:	**3.50**
Maximum:	**8.12**

* Nominal interest rate of the interval weighted on the outstanding principal.

d) Benchmark indices applicable at present to the mortgage loans.

The following table shows the distribution of mortgage loans according to the benchmark index applicable to them for determining the nominal interest rate.

Mortgage loan portfolio at 2.10.2001 Classification by Benchmark interest rate index					
Benchmark index	Loans	%	Outstanding principal (ESP)	%	%Spread * o/index
1-year EURIBOR	7,754	39.03	97,913,943,549	43.01	0.64
1-year MIBOR	12,114	60.97	129,753,197,487	56.99	0.74
Total Portfolio	**19,868**	**100.00**	**227,667,141,036**	**100.00**	

* Spread over the average benchmark index weighted on the outstanding principal.

e) Mortgage loan arrangement dates and closest and furthest final maturity dates, specifying the residual life of the mortgage loans as a whole.

Arrangement date.

The mortgage loans on the provisional portfolio originated on dates comprised between January 2, 1998 and September 29, 2000, the average portfolio seniority being 24.36 months at October 2, 2001.

The following table shows the distribution of the mortgage loans according to arrangement date by yearly intervals.

Mortgage loan portfolio at 2.10.2001 Classification by date of arrangement of the loan				
Date interval	**Loans**	**%**	**Outstanding principal (ESP)**	**%**
From 01/01/1998 to 30/06/1998	1,757	8.84	17,405,685,335	7.65
From 01/07/1998 to 31/12/1998	2,079	10.46	21,492,654,739	9.44
From 01/01/1999 to 30/06/1999	4,451	22.40	46,602,218,578	20.47
From 01/07/1999 to 31/12/1999	4,147	20.87	47,397,948,492	20.82
From 01/01/2000 to 30/06/2000	4,751	23.91	59,549,780,121	26.16
From 01/07/2000 to 31/12/2000	2,683	13.50	35,218,853,771	15.47
Total Portfolio	19,868	100.00	227,667,141,036	100.00

The arrangement of 803 mortgage loans, with an outstanding principal amounting to ESP 11,576,727,986 was made through BANKINTER'S Internet channel (ebankinter.com)

Final Maturity Date and residual life.

The final maturity of mortgage loans on the provisional portfolio falls on dates comprised between February 23, 2003 and September 29, 2035.

The amortisation of loans takes place throughout the life remaining until full amortisation, during which period mortgagors must pay monthly instalments comprising capital repayment and interest.

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

The following table shows the distribution of mortgage loans according to final maturity date in annual intervals.

Mortgage loan portfolio at 2.10.2001 Classification by Final Maturity Date						
Date interval	**Loans**		**Outstanding principal**		**Residual Life***	
		%	**(ESP)**	**%**	**Months**	**Date**
2003	15	0.08	47,117,570	0.02	22.90	30/08/2003
2004	58	0.29	233,778,780	0.10	33.56	20/07/2004
2005	99	0.50	473,164,663	0.21	45.34	13/07/2005
2006	138	0.69	633,586,129	0.28	57.85	29/07/2006
2007	190	0.96	1,005,593,803	0.44	69.43	16/07/2007
2008	375	1.89	2,274,226,570	1.00	81.25	10/07/2008
2009	596	3.00	3,835,235,810	1.68	92.97	2/07/2009
2010	707	3.56	5,399,346,203	2.37	104.40	15/06/2010
2011	405	2.04	3,359,234,434	1.48	117.10	6/07/2011
2012	417	2.10	4,022,197,362	1.77	128.64	21/06/2012
2013	981	4.94	8,467,477,504	3.72	141.29	12/07/2013
2014	1,797	9.04	16,547,385,657	7.27	152.95	2/07/2014
2015	1,316	6.62	13,445,910,022	5.91	164.15	7/06/2015
2016	247	1.24	2,880,653,070	1.27	176.96	1/07/2016
2017	303	1.53	3,643,902,472	1.60	188.97	2/07/2017
2018	1,238	6.23	13,713,380,803	6.02	201.40	15/07/2018
2019	2,149	10.82	24,420,433,024	10.73	212.89	30/06/2019
2020	1,621	8.16	20,243,205,248	8.89	223.97	1/06/2020
2021	122	0.61	1,681,159,448	0.74	237.31	12/07/2021
2022	130	0.65	1,910,822,536	0.84	249.46	17/07/2022
2023	767	3.86	9,809,614,376	4.31	261.81	28/07/2023
2024	1,741	8.76	22,484,323,529	9.88	273.33	13/07/2024
2025	1,902	9.57	26,918,646,232	11.82	283.91	31/05/2025
2026	41	0.21	675,310,652	0.30	296.84	28/06/2026
2027	33	0.17	610,068,612	0.27	308.51	18/06/2027
2028	269	1.35	3,687,952,173	1.62	322.01	2/08/2028
2029	732	3.68	10,801,552,806	4.74	333.47	17/07/2029
2030	980	4.93	15,775,656,508	6.93	343.95	1/06/2030
2031	7	0.04	125,769,581	0.06	355.31	13/05/2031
2032	4	0.02	73,525,767	0.03	368.57	19/06/2032
2033	38	0.19	590,395,144	0.26	381.80	27/07/2033
2034	143	0.72	2,452,926,166	1.08	393.90	30/07/2034
2035	307	1.55	5,423,588,382	2.38	404.32	12/06/2035
Total portfolio	19,868	100.00	227,667,141,036	100.00		
	Weighted Average:				**233.12**	**06/03/2021**
	Simple Average:				**214.13**	**7/08/2019**
	Minimum:				**16.72**	**23/02/2003**
	Maximum:				**407.89**	**29/09/2035**

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

f) Specification of the maximum, minimum and average value of the ratio: "present loan amount/ appraised value".

The ratio between the amount of outstanding principal and the appraised value of the home securing the mortgage loans on the provisional portfolio at October 2, 2001 ranged between 4.76% and 79.95%, the average ratio weighted on the outstanding principal on each loan being 60.81%.

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

Mortgage loan portfolio at 2.10.2001 Classification by Ratio outstanding principal / Appraised value					
Ratio Intervals	**Loans**	**%**	**Outstanding principal (ESP)**	**%**	**Outstanding Principal / Assessed V.**
0.01 - 5.00	1	0.01	2,584,040	0.00	4.76
5.01 - 10.00	58	0.29	191,590,737	0.08	8.19
10.01 - 15.00	194	0.98	812,637,817	0.36	13.08
15.01 - 20.00	322	1.62	1,623,617,859	0.71	17.71
20.01 - 25.00	450	2.26	2,641,580,595	1.16	22.59
25.01 - 30.00	645	3.25	4,533,338,068	1.99	27.69
30.01 - 35.00	822	4.14	6,446,174,518	2.83	32.67
35.01 - 40.00	1,021	5.14	8,862,975,346	3.89	37.65
40.01 - 45.00	1,172	5.90	11,299,369,805	4.96	42.60
45.01 - 50.00	1,465	7.37	15,357,625,824	6.75	47.58
50.01 - 55.00	1,577	7.94	18,851,148,801	8.28	52.57
55.01 - 60.00	1,751	8.81	21,501,186,734	9.44	57.55
60.01 - 65.00	2,070	10.42	25,824,841,703	11.34	62.48
65.01 - 70.00	2,275	11.45	29,464,369,566	12.94	67.54
70.01 - 75.00	2,837	14.28	36,867,293,370	16.19	72.61
75.01 - 80.00	3,208	16.15	43,386,806,253	19.06	77.27
Total Portfolio	**19,868**	**100.00**	**227,667,141,036**	**100.00**	
	Weighted Average:				**60.81**
	Simple Average:				**57.47**
	Minimum:				**4.76**
	Maximum:				**79.95**

* Ratio outstanding principal /Assessed V. are averages weighted on the outstanding principal

g) Specification of the geographical distribution by provinces of the current amount of the mortgage loans.

The following table shows the geographical distribution of the mortgage loans, according to the provinces in which the homes securing the same are located.

The table also contains the number of loans and the outstanding principal, the ratio outstanding principal / average appraised value weighted on the loans whose security is located in each of the provinces.

Mortgage loan portfolio at 2.10.2001 Geographic Classification					
	Loans		**Outstanding principal**		**Outstanding Principal / Assessment**
		%	**(ESP)**	**%**	
Almería	69	0.35	633,707,995	0.28	62.56
Cádiz	578	2.91	4,878,613,903	2.14	65.94
Córdoba	154	0.78	1,520,272,094	0.67	62.76
Granada	171	0.86	1,731,076,625	0.76	60.72
Huelva	151	0.76	1,294,693,469	0.57	63.61
Jaén	28	0.14	306,542,016	0.13	62.57
Málaga	443	2.23	4,296,440,114	1.89	61.05
Seville	295	1.48	3,111,585,512	1.37	61.52
Andalusia	**1,889**	**9.51**	**17,772,931,728**	**7.81**	**62.86**
Huesca	44	0.22	341,525,882	0.15	58.95
Teruel	10	0.05	82,551,841	0.04	63.18
Zaragoza	461	2.32	5,347,613,740	2.35	60.97
Aragón	**515**	**2.59**	**5,771,691,463**	**2.54**	**60.89**
Asturies	657	3.31	6,999,760,015	3.07	61.18
Asturies	**657**	**3.31**	**6,999,760,015**	**3.07**	**61.18**
Balearic Isles	291	1.46	3,497,141,703	1.54	60.86
Balearic Isles	**291**	**1.46**	**3,497,141,703**	**1.54**	**60.86**
Las Palmas	443	2.23	4,808,577,314	2.11	63.04
Sta. Cruz Tenerife	234	1.18	2,669,718,389	1.17	61.27
Canaries	**677**	**3.41**	**7,478,295,703**	**3.28**	**62.41**
Cantabria	691	3.48	7,041,103,591	3.09	59.99
Cantabria	**691**	**3.48**	**7,041,103,591**	**3.09**	**59.99**
Barcelona	2,034	10.24	28,561,901,301	12.55	60.45
Girona	203	1.02	2,163,834,025	0.95	60.31
Lleida	15	0.08	138,434,917	0.06	55.73
Tarragona	144	0.72	1,410,377,383	0.62	59.92
Catalonia	**2,396**	**12.06**	**32,274,547,626**	**14.18**	**60.40**
Álava	73	0.37	1,056,585,811	0.46	55.71
Guipúzcoa	836	4.21	10,256,309,889	4.50	57.67
Vizcaya	895	4.50	11,820,730,103	5.19	58.56
Basque Country	**1,804**	**9.08**	**23,133,625,803**	**10.16**	**58.03**
Badajoz	119	0.60	955,504,130	0.42	63.00
Cáceres	64	0.32	617,426,718	0.27	63.66
Extremadura	**183**	**0.92**	**1,572,930,848**	**0.69**	**63.26**
Corunna	571	2.87	6,556,585,424	2.88	60.39
Lugo	62	0.31	583,049,348	0.26	63.49
Orense	83	0.42	995,699,078	0.44	61.63
Pontevedra	399	2.01	4,577,286,205	2.01	63.86
Galicia	**1,115**	**5.61**	**12,712,620,055**	**5.58**	**61.88**
Ávila	49	0.25	432,682,422	0.19	59.46
Burgos	137	0.69	1,639,090,157	0.72	64.14
León	307	1.55	3,036,349,172	1.33	60.68
Palencia	44	0.22	436,823,130	0.19	59.05
Salamanca	231	1.16	2,547,364,650	1.12	60.77
Segovia	76	0.38	725,838,048	0.32	58.38
Soria	41	0.21	398,279,347	0.17	60.81
Valladolid	305	1.54	3,461,481,111	1.52	60.39
Zamora	69	0.35	619,204,095	0.27	63.50
Castile-León	**1,259**	**6.34**	**13,297,112,132**	**5.84**	**60.96**
Madrid	4,683	23.57	64,101,378,778	28.16	60.53
Madrid	**4,683**	**23.57**	**64,101,378,778**	**28.16**	**60.53**

Mortgage loan portfolio at 2.10.2001 Geographic Classification					
	Loans		Outstanding principal		
Albacete	117	0.59	1,011,901,105	0.44	61.04
Ciudad Real	127	0.64	1,103,356,644	0.48	63.12

Mortgage loan portfolio at 2.10.2001 Geographic Classification					
	Loans		Outstanding principal		Outstanding Principal / Assessment
Cuenca	53	0.27	470,399,922	0.21	63.41
Guadalajara	43	0.22	477,975,993	0.21	62.18
Toledo	216	1.09	2,088,750,533	0.92	66.24
Castile La Mancha	**556**	**2.80**	**5,152,384,197**	**2.26**	**63.91**
Melilla	6	0.03	38,113,639	0.02	52.13
Melilla	**6**	**0.03**	**38,113,639**	**0.02**	**52.13**
Murcia	593	2.98	5,331,596,245	2.34	64.54
Murcia	**593**	**2.98**	**5,331,596,245**	**2.34**	**64.54**
Navarre	145	0.73	1,806,264,920	0.79	58.21
Navarre	**145**	**0.73**	**1,806,264,920**	**0.79**	**58.21**
La Rioja	41	0.21	445,974,325	0.20	56.09
La Rioja	**41**	**0.21**	**445,974,325**	**0.20**	**56.09**
Alicante	1,523	7.67	11,405,850,599	5.01	60.06
Castellón	180	0.91	1,591,824,306	0.70	61.68
Valencia	664	3.34	6,241,993,360	2.74	62.07
Valencian Community	**2,367**	**11.91**	**19,239,668,265**	**8.45**	**60.85**
Total Portfolio	**19,868**	**100.00**	**227,667,141,036**	**100.00**	**61.36**
*Ratio outstanding principal /Assessed V. are averages weighted on the outstanding principal.					

h) Specification as to whether there are delays in collecting mortgage loan principal or interest instalments and, as the case may be, amount of the current principal of the delayed loans in excess of 30, 60 and 90 days

The following table shows the number of loans, the outstanding principal and the principal due and not paid on loans on the provisional portfolio in regard to which at October 2, 2001 there was any delay in payment of amounts due.

Arrears in payment of instalments due at 2.10.2001			
Day Interval	Loans	Principal not yet due	Principal due
1-15	255	2,860,534,030	6,445,418
16-30	87	945,555,901	2,214,836
31-60	94	973,484,060	4,721,576
61-91	52	554,053,787	4,382,672

As declared by BANKINTER in section IV.1.a) (18), none of the Participated Mortgage Loans that will finally be subject of the issue of Mortgage Certificates for organising the Fund shall have overdue payments on the date of issue.

i) Specification of the current amount of mortgage loans considered by the issuers of the Mortgage Certificates to be assets with a 50% weighting, for the purposes provided in the Order dated December 30, 1992 on Credit Institution solvency rules.

The mortgage loans on the provisional portfolio are all considered by BANKINTER to be risk assets with a 50% weighting in the solvency ratio Credit Institutions must have for the purposes provided in the Order dated December 30, 1992.

CHAPTER V

INFORMATION ON THE ECONOMIC AND FINANCIAL OPERATION OF THE MORTGAGE SECURITISATION FUND

V.1 Synoptic chart describing the various assumptions and most likely estimated performance of the economic and financial flows of the Fund.

Initial balance sheet of the Fund.

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

ASSETS		LIABILITIES	
Fixed Assets	**1,324,730,000.00**	**Bond issue**	**1,322,500,000.00**
Mortgage Certificates	1,322,520,021.27	Series A Bonds	1,273,600,000.00
(adjustment excess to 20.021.27)		Series B Bonds	33,700,000.00
Organisation and issue expenses	2,209,978.73	Series C Bonds	15,200,000.00
		Other long-term liabilities	**2,230,000.00**
		Starting Expenses Loan	2,230,000.00
Current Assets	to be determined	**Short-term creditors**	to be determined
Treasury Account*	0.00	Participated Mortgage Loan interest accrued *	to be determined
Accrued interest receivable**	to be determined		
Total assets	**1,324,730,000.00**	**Total liabilities**	**1,324,730,000.00**

MEMORANDUM ACCOUNTS	
Subordinated Credit Available	13,225,000.00
Interest Flow Swap payments	to be determined
Interest Flow Swap payments	to be determined

(Amounts in EUR)

* Assuming that all Organisation and Bond issue expenses are met on the Closing Date.

** As set forth in section IV.1 b) of the Prospectus.

V.1.1 Assumptions made in relation to the main or most likely rates of such factors as early-amortisation, late payments, delinquencies and defaults, with respect to the Mortgage Certificates pooled in the Fund.

The tables shown in section V.1.3 below relate to one of the possible scenarios that could, in relation to the income and payments made and received by the Fund, arise during the term of the Fund and this Bond issue.

The following assumptions have been made in preparing said Bond servicing and Fund cash flow tables:

a) Participated Mortgage Loans.

(i) Amount of the portfolio at October 2, 2001 from which the loans subject of the issue of Mortgage Certificates will be taken: ESP 227,667,141,036 (EUR 1,368,307,075.33).

(ii) Interest rate: 5.29% (% average interest rate at 2.10.2001 weighted on the selected loan portfolio).

(iii) CPR: 10% per annum.

(iv) Delinquency rate: 0% per annum.

(v) Defaults considered bad debts: 0%.

b) Mortgage Certificates.

(i) Principal: 100% participation.

(ii) Interest: participation calculated on the same interest rate applicable to a Participated Mortgage Loan.

c) Bonds.

(i) Total amount: EUR 1,322,500,000 (ESP 220,045,485,000).

	EUR	ESP
Series A Bonds	1,273,600,000	211,909,209,600
Series B Bonds	33,700,000	5,607,208,200
Series C Bonds	15,200,000	2,529,067,200
Total	**1,322,500,000**	**220,045,485,000**

(ii) Interest rate: floating interest rate for the outstanding balances of each of the Series, assuming that the interest rates in each Series are kept constant as follows:

	Bonds Series A	Bonds Series B	Bonds Series C
Nominal interest rate	3.905%	4.225%	5.105%

(iii) Exercise by the Management Company of the early-amortisation option of the Bonds in each Series when the Outstanding Balance of the Mortgage Certificates is less than 10% of their initial amount.

d) Ancillary agreements.

(i) Treasury Account and Guaranteed Interest Rate Account Agreement.

It is assumed that the Treasury Account shall be maintained at BANKINTER**.**

Interest rate: it is assumed that it will remain constant at 3.6959% for remunerating amounts paid into the Treasury Account.

(ii) Starting Expenses Loan Agreement.

- Amount: EUR two million two hundred and thirty thousand (2,230,000.00) (ESP 371,040,780) which shall be allocated to financing the expenses of organising the Fund and issuing the Bonds (approximately EUR 2,209,978.73 --ESP 367,709,521), to partially financing the subscription for the Mortgage Certificates (up to EUR 20,021.27 -ESP 3,331,259).

- Interest rate: it is assumed that it will remain constant at 4.645%.

- Repayment of the part of the Principal designed to finance the Fund Organisation expenses shall consist of quarterly straight-line payments until the Payment Date falling on 16.10.2006, inclusive.

- Repayment of the part of the Principal designed to finance the Bond Issue expenses shall consist of quarterly straight-line payments until the Payment Date falling on October 16, 2014 (date of exercise of the early amortisation option when the Outstanding Balance of the Mortgage Certificates is less than 10% of the initial amount for an assumed CPR of 10% per annum)

(iii) Subordinated Credit Agreement.

- Amount: EUR 13,225,000 (ESP 2,200,454,850 pesetas).

- Interest rate: 4.645%.

- It is assumed that the rating of the long- and short-term debt of BANKINTER will at no time drop below A1/P-1 or A/A-1 respectively in Moody's and S&P's rating scales and, therefore, that the Maximum Amount of the Subordinated Credit will not be drawn as a result of this for a Reserve Fund to be set up.

e) Reserve Fund.

It is assumed that the rating of the long- and short-term debt of BANKINTER will at no time drop below A1/A and P-1/A-1 respectively in Moody's and S&P's rating scales and, therefore, that the Reserve Fund will not be set up.

f) Expenses, fees and spread.

(i) Loan Servicing Fee: 0.01% per annum on the mean daily Outstanding Balance of the Mortgage Certificates during each Interest Accrual Period corresponding to the ongoing Payment Date, inclusive of VAT if there is no exemption.

(ii) Management Company Fee: 0.023% per annum on the Outstanding Principal Balance of the Bonds, with a maximum annual amount of EUR 210,355.00 (ESP 35,000,127) and a minimum annual amount of EUR 45,075.00 (ESP 7,499,849) and an assumed annual Retail Price Index of +2.00%.

(iii) Annual expenses of the Fund for audits, monitoring of the rating and publication of notices, approximately EUR 16,480.22 (ESP 2,742,078), and an assumed annual RPI of +2.00%.

(iv) Bond Payment Agency Fees: EUR 1,502.53 (ESP 250,000) on each Payment Date.

(v) Brokerage: variable remuneration settled quarterly on each Payment Date on account of its annual accrual in an amount equal to the positive difference, if any, between the income and expenditure of the Fund before its official accounts are closed.

V.1.2 Analysis of and comments on the impact that potential changes in the assumptions described in the preceding point would have on the financial balance of the Fund.

In order to cover the possible credit risk due to delinquency and default on the Participated Mortgage Loans, it has been resolved to arrange for a Subordinated Credit in order to fulfil on each Payment Date, upon a shortage of Available Funds, certain of the Fund's payment or withholding obligations, which include Bond interest and amortisation payments. Furthermore, the deferred interest payment and principal repayment of the Series C Bonds with respect to the Series B Bonds, and of the Series B Bonds with respect to the Series A Bonds, is a means of protection among the Series.

The underlying floating interest risk arising in the Fund between the floating interest of the Participated Mortgage Loans based on various benchmark indices (one-year Mibor/Euribor in the mortgage market) and different review and settlement periods, and the floating interest of the Bond Issue based on 3-month Euribor and with quarterly accrual and settlement periods, is neutralised by means of the Interest Swap Agreement, which does not neutralise the credit risk remaining in the Fund, since the amounts payable by the Fund also include amounts derived from delinquent Participated Mortgage Loans.

As for the incidence the prepayment of the Participated Mortgage Loans might have on the Bonds, section II.12.a) of this Prospectus contains a table showing the performance as to average life and duration of the Bonds for different effective constant annual early amortisation or prepayment rates (CPR).

In general, the quality of the Mortgage Certificates and the mechanisms in place for maintaining the aforesaid financial balance of the Fund are such that no extreme early-amortisation, or delinquency and default rates should reasonably be considered resulting, upon both the early-amortisation risk and the risk of delinquency on the loans being properly transferred, in the financial structure of the Fund being imbalanced. Nevertheless, the ratings assigned by the Rating Agencies to each of the Bond Series express the Rating Agencies' opinion about the Fund's capacity to meet payments of interest as they fall due on each set Payment Date and of the principal on the Final Maturity Date.

V.1.3 Number outline of the cash flow of the Fund.

The number outline set forth hereinafter relates to collections and payments derived from the application of a cash policy, for ease of understanding of the investor, though in accordance with the provisions of section V.2 of this Prospectus, the Fund will apportion income and expenditure in time in accordance with the accruals principle.

Said outline is based not only on the assumptions referred to in section V.1.1 above but also on those assumptions remaining constant throughout the life of the Fund, whereas it is well-known that the relevant variables, particularly interest rates of the Bonds in all Series, and actual interest rates and delinquency, default and prepayment rates on the Mortgage Certificate Participated Mortgage Loans, are subject to continual changes.

Now, therefore, the value of that number outline is merely illustrative.

F□ND □ASH FLO□S
(AMO□NTS IN E□R)
□PR □10□

2□-Oct-2001		1,322,□00,000.00	Purchase of Martgagee □ertificates				
		2,209,978.73	Organisation and Issue Expenses				
			□OLLE□TIONS				
Avail. Su□ordinated □redit	M□ Outs. Bal.	Date	M□ Amortised Princ.	S□ap Net Inter.	Reinvest Income	Su□ord. □redit Dra□do□n	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		TOTALS:	1,322,□00,000.00	319,246,326.60	6,833,841.□4	0.00	1,648,□80,168.14
13,225,000.00	1,280,273,640.28	16-Jan-2002	42,226,359.72	12,470,398.09	195,263.65	0.00	□4,892,021.47
13,225,000.00	1,235,385,273.96	16-Apr-2002	44,888,366.32	13,681,026.83	263,162.16	0,00	□8,832,□□□.31
13,225,000.00	1,191,457,081.88	16-Jul-2002	43,928,192.08	13,321,493.27	259,523.67	0.00	□7,□09,209.02
13,225,000.00	1,148,490,618.45	16-Oct-2002	42,966,463.43	12,963,666.14	254,717.73	0,00	□6,184,847.30
13,225,000.00	1,106,806,292.81	16-Jan-2003	41,684,325.64	12,494,647.47	247,588.24	0.00	□4,426,□61.3□
13,225,000.00	1,066,985,859.27	16-Apr-2003	39,820,433.54	11,822,630.96	231,836.34	0,00	□1,874,900.84
13,225,000.00	1,028,041,493.48	16-Jul-2003	38,944,365.79	11,500,667.81	228,478.65	0.00	□0,673,□12.24
13,225,000.00	989,973,687.19	16-Oct-2003	38,067,806.29	11,180,730.39	224,080.93	0,00	49,472,617.62
13,225,000.00	953,059,720.64	16-Jan-2004	36,913,966.55	10,765,245.33	217,697.96	0.00	47,896,909.84
13,225,000.00	917,539,224.76	16-Apr-2004	35,520,495.88	10,269,118.39	207,215.19	0,00	4□,996,829.4□
13,225,000.00	883,107,292.63	16-Jul-2004	34,431,932.12	9,885,201.78	200,548.18	0.00	44,□17,682.08
13,225,000.00	849,487,871.91	18-Oct-2004	33,619,420.72	9,771,944.42	205,613.90	0,00	43,□96,979.03
13,225,000.00	816,905,613.33	17-Jan-2005	32,582,258.58	9,143,739.86	195,195.65	0.00	41,921,194.09
13,225,000.00	785,792,027.22	18-Apr-2005	31,113,586.11	8,794,031.67	186,904.69	0,00	40,094,□22.47
13,225,000.00	755,423,327.22	18-Jul-2005	30,368,700.00	8,455,312.69	183,791.81	0.00	39,007,804.□0
13,225,000.00	725,805,820.76	17-Oct-2005	29,617,506.46	8,128,203.42	175,785.14	0,00	37,921,49□.03
13,225,000.00	697,127,003.90	16-Jan-2006	28,678,816.86	7,811,108.58	166,660.37	0.00	36,6□6,□8□.81
13,225,000.00	669,738,492.58	17-Apr-2006	27,388,511.32	7,503,136.98	159,554.87	0,00	3□,0□1,203.17
12,860,296.63	643,014,831.55	17-Jul-2006	26,723,661.03	7,204,978.70	156,839.82	0.00	34,08□,479.□□
12,339,226.94	616,961,346.95	16-Oct-2006	26,053,484.60	6,917,108.01	149,882.47	0,00	33,120,47□.09
11,834,976.04	591,748,802.00	16-Jan-2007	25,212,544.94	6,698,046.05	145,316.24	0,00	32,0□□,907.24
11,353,644.93	567,682,246.47	16-Apr-2007	24,066,555.53	6,307,410.97	135,799.21	0,00	30,□09,76□.72
10,884,494.96	544,224,747.88	16-Jul-2007	23,457,498.59	6,105,398.03	133,379.02	0.00	29,696,27□.64
10,427,576.64	521,378,831.99	16-Oct-2007	22,845,915.90	5,905,565.00	130,308.10	0,00	28,881,789.00
9,985,731.91	499,286,595.54	16-Jan-2008	22,092,236.44	5,656,453.63	126,232.99	0.00	27,874,923.07
9,561,523.45	478,076,172.69	16-Apr-2008	21,210,422.85	5,366,941.42	119,816.90	0,00	26,697,181.17
9,152,220.95	457,611,047.67	16-Jul-2008	20,465,125.02	5,138,221.30	115,368.08	0.00	2□,718,714.39
8,754,115.65	437,705,782.33	16-Oct-2008	19,905,265.34	4,962,272.48	112,570.61	0,00	24,980,108.44
8,369,656.83	418,482,841.25	16-Jan-2009	19,222,941.07	4,745,316.44	108,933.18	0.00	24,077,190.69
8,003,895.42	400,194,771.19	16-Apr-2009	18,288,070.07	4,454,370.54	101,481.28	0,00	22,843,921.90
7,649,228.38	382,461,418.96	16-Jul-2009	17,733,352.23	4,298,174.42	99,210.82	0.00	22,130,737.48
7,305,559.71	365,277,985.72	16-Oct-2009	17,183,433.24	4,144,627.74	96,484.82	0,00	21,424,□4□81
6,974,608.03	348,730,401.43	18-Jan-2010	16,547,584.29	4,028,210.39	97,425.27	0.00	20,673,219.94
6,659,901.87	332,995,093.42	16-Apr-2010	15,735,308.01	3,638,884.58	86,684.61	0,00	19,460,877.20
6,356,001.72	317,800,086.20	16-Jul-2010	15,195,007.22	3,574,246.12	84,472.47	0.00	18,8□3,72□82
6,062,606.82	303,130,340.95	18-Oct-2010	14,669,745.25	3,503,344.04	85,690.27	0,00	18,2□8,779.□6
5,780,226.52	289,011,326.11	17-Jan-2011	14,119,014.85	3,250,230.26	80,775.61	0.00	17,4□0,020.72
5,511,310.15	275,565,507.28	18-Apr-2011	13,445,818.82	3,098,861.91	77,024.03	0,00	16,621,704.76
5,250,421.52	262,521,075.92	18-Jul-2011	13,044,431.36	2,952,913.17	75,259.39	0.00	16,072,603.92
4,997,613.26	249,880,662.88	17-Oct-2011	12,640,413.04	2,812,845.42	71,510.75	0,00	1□,□24,769.22
4,754,095.74	237,704,786.98	16-Jan-2012	12,175,875.89	2,677,767.05	67,442.53	0.00	14,921,08□47
4,520,816.20	226,040,810.07	16-Apr-2012	11,663,976.91	2,547,452.45	63,796.56	0,00	14,27□,22□92
4,296,311.58	214,815,578.97	16-Jul-2012	11,225,231.10	2,421,774.53	61,263.69	0.00	13,708,269.32
4,079,202.56	203,960,128.24	16-Oct-2012	10,855,450.74	2,321,959.61	59,411.99	0,00	13,236,822.34
3,870,166.33	193,508,316.37	16-Jan-2013	10,451,811.87	2,202,180.20	57,289.13	0.00	12,711,281.20
3,671,297.53	183,564,876.51	16-Apr-2013	9,943,439.86	2,047,705.02	53,317.02	0,00	12,044,461.90
3,480,334.31	174,016,715.26	16-Jul-2013	9,548,161.25	1,958,568.27	51,637.76	0.00	11,□□8,367.29
3,296,056.41	164,802,820.54	16-Oct-2013	9,213,894.72	1,871,720.91	49,961.18	0,00	11,13□,□76.81
3,119,090.04	155,954,502.08	16-Jan-2014	8,848,318.46	1,770,058.23	48,103.55	0.00	10,666,480.24
2,952,893.43	147,644,671.68	16-Apr-2014	8,309,830.40	1,640,937.73	44,286.09	0,00	9,99□,0□4.22
2,794,693.11	139,734,655.63	16-Jul-2014	7,910,016.05	1,565,896.43	42,616.10	0.00	9,□18,□28.□8
0.00	0.00	16-Oct-2014	139,734,655.63	1,493,581.45	40,630.84	0,00	141,268,867.92

F□ND □ASH FLO□S

(AMO□NTS IN E□R)

□PR □10□

2□-Oct-2001 — 1,322,□00,000.00 **Mortgage □ertificate Purchase Payment**

2,209,978.73 **Starting Expenses Loan (- M□ purchase reminder)**

	PA□EMENTS							
Date	**□urrent Expenses**	**Bond Interest**	**Amort. Bond Princip.**	**S.E. Loan □ Su□. □redit Interest**	**S.E. Loan □ Su□. □redit Amortisation**	**M□ Serv. Fee**	**Bro□erage**	**Total**
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	**(18)**
TOTALS:	**1,9□7,□78.71**	**296,□29,61□.□2**	**1,322,□00,000.00**	**6□4,404.43**	**2,209,978.73**	**726,306.61**	**24,002,284.14**	**1,648,□80,168.14**
16-Jan-2002	70,571.50	11,973,641.10	42,226,359.72	24,522.78	48,037.84	30,625.39	518,263.13	**□4,892,021.47**
16-Apr-2002	54,091.28	12,571,231.41	44,888,366.32	25,105.54	48,037.84	30,960.84	1,214,762.07	**□8,832,□□□.31**
16-Jul-2002	54,091.28	12,267,819.95	43,928,192.08	24,820.45	48,037.84	30,199.29	1,156,048.13	**□7,□09,209.02**
16-Oct-2002	54,091.28	11,964,252.20	42,966,463.43	24,522.97	48,037.84	29,434.74	1,098,044.83	**□6,184,847.30**
16-Jan-2003	70,901.10	11,535,470.77	41,684,325.64	23,952.73	48,037.84	28,372.29	1,035,500.97	**□4,426,□61.3□**
16-Apr-2003	54,091.28	10,877,756.43	39,820,433.54	22,874.18	48,037.84	26,752.18	1,024,955.37	**□1,874,900.84**
16-Jul-2003	54,091.28	10,605,554.00	38,944,365.79	22,564.30	48,037.84	26,069.00	972,830.03	**□0,673,□12.24**
16-Oct-2003	54,091.28	10,333,455.42	38,067,806.29	22,242.02	48,037.84	25,383.86	921,600.90	**49,472,617.62**
16-Jan-2004	71,237.30	9,953,559.86	36,913,966.55	21,671.79	48,037.84	24,442.72	863,993.78	**47,896,909.84**
16-Apr-2004	54,091.28	9,480,992.25	35,520,495.88	20,872.19	48,037.84	23,275.43	849,064.58	**4□,996,829.4□**
16-Jul-2004	54,091.28	9,130,370.42	34,431,932.12	20,308.15	48,037.84	22,404.76	810,537.50	**44,□17,682.08**
18-Oct-2004	53,811.52	8,790,493.78	33,619,420.72	20,395.02	48,037.84	22,266.24	1,042,553.92	**43,□96,979.03**
17-Jan-2005	68,677.44	8,458,637.41	32,582,258.58	19,180.07	48,037.84	20,733.66	723,669.08	**41,921,194.09**
18-Apr-2005	48,345.91	8,137,018.84	31,113,586.11	18,616.04	48,037.84	19,940.95	708,976.77	**40,094,□22.47**
18-Jul-2005	46,561.78	7,829,897.50	30,368,700.00	18,052.00	48,037.84	19,175.61	677,379.77	**39,007,804.□0**
17-Oct-2005	44,820.37	7,528,433.80	29,617,506.46	17,487.96	48,037.84	18,427.25	646,781.35	**37,921,49□.03**
16-Jan-2006	61,793.14	7,314,563.46	28,678,816.86	16,923.92	48,037.84	17,703.45	518,747.13	**36,6□6,□8□.81**
17-Apr-2006	41,477.51	6,874,594.69	27,388,511.32	16,359.89	48,037.84	17,005.64	665,216.27	**3□,0□1,203.17**
17-Jul-2006	39,906.99	6,679,681.95	26,723,661.03	15,795.85	48,037.84	16,332.11	562,063.77	**34,08□,479.□□**
16-Oct-2006	38,374.59	6,485,464.69	26,053,484.60	15,231.81	48,037.84	15,673.69	464,207.87	**33,120,47□.09**
16-Jan-2007	56,180.22	6,224,555.71	25,212,544.94	14,828.96	39,038.18	15,202.39	493,556.85	**32,0□□,907.24**
16-Apr-2007	35,061.98	5,842,240.64	24,066,555.53	14,053.26	39,038.18	14,265.34	498,550.78	**30,□09,76□.72**
16-Jul-2007	34,054.83	5,668,762.95	23,457,498.59	13,751.04	39,038.18	13,832.36	469,337.69	**29,696,27□.64**
16-Oct-2007	33,052.66	5,496,145.21	22,845,915.90	13,438.74	39,038.18	13,400.41	440,797.90	**28,881,789.00**
16-Jan-2008	50,892.14	5,267,357.99	22,092,236.44	12,975.34	39,038.18	12,836.30	399,586.69	**27,874,923.07**
16-Apr-2008	30,132.85	4,991,269.26	21,210,422.85	12,375.93	39,038.18	12,157.79	401,784.30	**26,697,181.17**
16-Jul-2008	28,916.60	4,781,169.24	20,465,125.02	11,917.57	39,038.18	11,639.33	380,908.45	**2□,718,714.39**
16-Oct-2008	28,031.43	4,628,764.43	19,905,265.34	11,585.12	39,038.18	11,258.15	356,165.78	**24,980,108.44**
16-Jan-2009	46,315.56	4,429,425.94	19,222,941.07	11,121.72	39,038.18	10,766.91	317,581.31	**24,077,190.69**
16-Apr-2009	25,235.67	4,144,813.51	18,288,070.07	10,426.61	39,038.18	10,071.15	326,266.70	**22,843,921.90**
16-Jul-2009	24,450.68	4,009,714.37	17,733,352.23	10,084.09	39,038.18	9,734.88	304,363.04	**22,130,737.48**
16-Oct-2009	23,674.81	3,876,188.99	17,183,433.24	9,731.50	39,038.18	9,401.66	283,077.42	**21,424,□4□.81**
18-Jan-2010	42,880.93	3,663,845.86	16,547,584.29	9,469.58	39,038.18	9,173.48	361,227.63	**20,673,219.94**
16-Apr-2010	20,840.35	3,461,472.81	15,735,308.01	8,421.88	39,038.18	8,199.43	187,596.54	**19,460,877.20**
16-Jul-2010	20,597.29	3,344,067.40	15,195,007.22	8,250.62	39,038.18	8,094.14	238,670.96	**18,8□3,72□.82**
18-Oct-2010	20,326.74	3,193,553.13	14,669,745.25	8,049.14	39,038.18	7,976.41	320,090.71	**18,2□8,779.□6**
17-Jan-2011	38,927.80	3,048,241.84	14,119,014.85	7,333.89	39,038.18	7,364.50	190,099.65	**17,4□0,020.72**
18-Apr-2011	18,075.15	2,908,385.82	13,445,818.82	6,875.52	39,038.18	7,021.49	196,489.77	**16,621,704.76**
18-Jul-2011	17,304.14	2,775,198.15	13,044,431.36	6,417.15	39,038.18	6,691.87	183,523.07	**16,072,603.92**
17-Oct-2011	16,556.14	2,645,986.43	12,640,413.04	5,958.78	39,038.18	6,371.59	170,445.05	**1□,□24,769.22**
16-Jan-2012	36,207.18	2,548,477.55	12,175,875.89	5,500.41	39,038.18	6,063.42	109,922.83	**14,921,08□.47**
16-Apr-2012	15,513.80	2,400,168.47	11,663,976.91	5,042.05	39,038.18	5,766.78	145,719.72	**14,27□,22□.92**
16-Jul-2012	15,513.80	2,284,630.85	11,225,231.10	4,583.68	39,038.18	5,481.96	133,789.74	**13,708,269.32**
16-Oct-2012	15,513.80	2,197,323.18	10,855,450.74	4,170.64	39,038.18	5,263.94	120,061.86	**13,236,822.34**
16-Jan-2013	36,285.11	2,088,612.78	10,451,811.87	3,707.24	39,038.18	4,996.43	86,829.58	**12,711,281.20**
16-Apr-2013	15,794.03	1,940,815.35	9,943,439.86	3,173.32	39,038.18	4,636.69	97,564.48	**12,044,461.90**
16-Jul-2013	15,794.03	1,863,885.14	9,548,161.25	2,750.21	39,038.18	4,445.86	84,292.62	**11,□□8,367.29**
16-Oct-2013	15,794.03	1,788,748.66	9,213,894.72	2,317.02	39,038.18	4,258.34	71,525.86	**11,13□,□76.81**
16-Jan-2014	36,980.76	1,696,477.41	8,848,318.46	1,853.62	39,038.18	4,031.47	39,780.34	**10,666,480.24**
16-Apr-2014	16,079.86	1,572,913.52	8,309,830.40	1,359.99	39,038.18	3,732.70	52,099.56	**9,99□,0□4.22**
16-Jul-2014	16,079.86	1,508,077.25	7,910,016.05	916.74	39,038.18	3,572.49	40,828.01	**9,□18,□28.□8**
16-Oct-2014	21,305.09	1,445,435.77	139,734,655.63	19,32	39,038.18	3,417.82	24,552.02	**141,268,867.92**

Key to the number outline.

(1) Limit or Maximum Amount of the Subordinated Credit.

(2) Outstanding Balance on the portfolio of Mortgage Certificates on each quarterly Payment Date, upon the principal being amortised (4).

(3) Quarterly Payment Dates for the various transactions and services arranged by the Fund until final maturity.

a) Collections.

(4) Amount of capital or principal amortised on the portfolio of Mortgage Certificates from the immediately preceding quarterly date until the date given.

(5) Net interest collected by the Fund from the immediately preceding quarterly date until the date given. Such is the interest received on the Mortgage Certificates and the interest resulting from the application of the Swap Agreement.

(6) Interest on the Fund's Treasury Account, under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

(7) Drawdown on the Subordinated Credit.

(8) Total income on each Payment Date, being the sum of amounts (4), (5), (6) and (7).

b) Payments.

(9) Quarterly Payment Dates for the various transactions and services arranged by the Fund until final maturity.

(10) Amounts for the Fund's current expenses.

(11) Amount of interest payable to the Bondholders.

(12) Amount of principal amortised on the Bonds.

(13) Interest payment amounts on the Starting Expenses Loan and amounts drawn on the Subordinated Credit.

(14) Periodic repayment of Starting Expenses Loan principal and Subordinated Credit principal.

(15) Participated Mortgage Loan servicing fee.

(16) Variable remuneration corresponding to the Brokerage.

(17) Total payments on each Payment Date, being the sum of amounts (10), (11), (12), (13), (14), (15) and (16).

V.2 Accounting policies used by the Fund.

The income and expenditure will be booked by the Fund in accordance with the accruals principle, i.e. according to the actual flow of such income and expenditure, irrespective of the time when they are collected and paid.

The Fund organisation and Bond issue expenses described in section II.14 will be subject to a straight-line amortisation during the months elapsing since the organisation of the Fund until September 30, 2006, inclusive.

The Bond issue expenses described in section II.14 will be amortised throughout their life in accordance with a financial plan which shall at all events be linked to Bond amortisation.

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

V.3 Description of the purpose or object of the financial transactions and services arranged by the Management Company on behalf of the Fund, in order to enhance the risk, increase payment regularity, neutralise interest rate differences on the Mortgage Certificates, or, in general, transform the financial characteristics of all or part of said securities.

In order to consolidate its financial structure and secure as extensive a cover as possible for the risks inherent in the issue, the Management Company will, on behalf of the Fund, proceed upon the execution of the Organisation Deed to enter into the agreements referred to hereinafter.

The Management Company may, in order for the Fund to operate on the terms provided in the Organisation Deed and in the laws in force from time to time, acting for and on behalf of the Fund, extend or amend the agreements entered into on the Fund's behalf, substitute each of the service providers to the Fund under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores, or competent administrative body and to notice thereof being given on the relevant Rating Agencies, provided that those actions do not detract from Bondholders' interests.

V.3.1 Guaranteed Interest Rate Account (Treasury Account) Agreement.

The Management Company, for and on behalf of the Fund, and BANKINTER, S.A., will enter into a Treasury Account and Guaranteed Interest Rate 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 Treasury Account and Guaranteed Interest Rate 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) principal and interest on the Mortgage Certificates;

(ii) as the case may be, drawdown on the principal of the Subordinated Credit and the amounts making up the Reserve Fund from time to time if it is actually set up;

(iii) any other amounts, assets or rights received as payment of principal, interest or expenses on the Participated Mortgage Loans upon executing the mortgage securities, or on the sale or operation of the properties awarded, or as a result thereof in connection with administration or interim possession of the properties in process of execution, and all and any rights or indemnities including not only those derived from the property damage insurance contracts on the mortgaged properties, but also those derived from any right attached to the Participated Mortgage Loans, including the set fees for each loan;

(iv) drawdown on the principal of the Starting Expenses Loan;

(v) amounts paid, as the case may be, to the Fund deriving from the Interest Swap Agreement;

(vi) the amounts of the returns obtained on the balances existing in the actual Treasury Account; and

(vii) the amounts of the withholdings on account of the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until they are to be paid to the Tax Administration.

BANKINTER guarantees an annual nominal interest rate, variable quarterly and settled quarterly, applicable on each interest accrual period, equivalent to the Benchmark Interest Rate determined for the Bonds, transformed to an interest rate based on 365-day calendar years (i.e., multiplied by 365 and divided by 360). The accrued interest to be settled on January 16, April 16, July 16 and October 16 of each year shall be calculated based on: (i) the days actually existing in each interest accrual period, and (ii) a three-hundred-and-sixty-five- (365-) day year.

In the event that the short-term debt rating of BANKINTER should, at any time during the life of the Bond issue, drop below P-1 or A-1 respectively in Moody's and S&P's rating scales, the Management Company shall within not more than thirty (30) Business Days from the time of that occurrence put in place, after consulting with the Rating Agencies, any of the options required among those described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account Agreement:

a) Obtaining from an institution having a credit rating for its short-term 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 its obligation to repay the amounts deposited in the Treasury Account, during the time over which the loss of the P-1 or A-1 ratings is maintained by BANKINTER.

b) 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 Stock, for an amount sufficient to guarantee the commitments established in the Agreement.

c) If options a) and b) above are not possible, the Fund's Treasury Account will be transferred to an institution whose short-term debt has a rating of at least P-1 and A-1 respectively in Moody's and S&P's rating scales, and the highest possible yield shall be arranged for its balances, which may differ from that arranged with BANKINTER under the Guaranteed Interest Rate Account Agreement.

d) In that same event and if it should not be possible to transfer the Treasury Account on the terms set forth above, the Management Company may invest the balances for not more than quarterly periods, in short-term fixed-income assets in euros or pesetas issued by institutions having ratings of at least P-1 and A-1 for short-term debt respectively in Moody's and S&P's rating scales, 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 the Guaranteed Interest Rate Account Agreement.

e) In both events c) and d), the Management Company may subsequently transfer the balances back to BANKINTER under the Guaranteed Interest Rate Account Agreement, in the event that its short-term debt should again attain the P-1 and A-1 ratings, in the above-mentioned scales.

The Guaranteed Interest Rate Account Agreement mitigates the risk relating to the timing difference between the Fund's receipts of principal and interest on the Participated Mortgage Loans with a largely monthly periodicity, and the amortisation and payment of interest on the Bonds, with a quarterly periodicity.

V.3.2 Subordinated Credit Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a commercial Subordinated Credit Agreement (the "**Subordinated Credit Agreement**") which shall be applied on each Payment Date, along with the other Available Funds, to meeting fulfilment of certain payment or withholding obligations of the Fund, in the Payment Priority Order, due to a shortage of the Available Funds remaining, although the granting of that Credit shall in no event guarantee that the Participated Mortgage Loans will be successful.

Maximum Amount of the Subordinated Credit.

The Maximum Amount of the Credit from time to time shall be equal to the lower of the following amounts: (i) EUR thirteen million two hundred and twenty-five thousand (13,225,000) (ESP 2,200,454,850), or (ii) 2.00% of the Outstanding Balance of the Mortgage Certificates.

Notwithstanding the above, the Maximum Amount of the Credit shall remain at the level established on the preceding Payment Date, regardless of the ensuing reduction in the Outstanding Balance of the Mortgage Certificates, where any of the following events occur on a given Payment Date:

i) The figure of the amount of the Outstanding Balance of the Mortgage Certificates with an arrears in excess of ninety (90) days in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of 2.50% of the Outstanding Balance of the Mortgage Certificates on that same date.

ii) The figure of the amount of the Outstanding Balance of the Mortgage Certificates with an arrears in excess of twelve (12) months in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of the amount resulting from multiplying by 0.025% the result of the product of the total initial capital or principal of the Mortgage Certificates by the number of Payment Dates elapsed since the Closing Date.

iii) That the weighted average spread (benchmark index differential for determining the applicable interest rate) of the Mortgage Certificates on the Determination Date preceding the ongoing Payment Date is less than the result of increasing by 0.40 the average spread of the Series A and B Bonds weighted by the Outstanding Principal Balance of each of these Series.

iv) There is an Amortisation Deficit, as defined in section II.11.3.2.1.5 of this Prospectus.

Furthermore, the Maximum Amount of the Credit may be reduced on a Payment Date and throughout the life of the Fund following an express discretionary authorisation of the Rating Agencies.

Drawdown.

The Management Company may, for and on behalf of the Fund, draw on the Credit, limited to the Maximum Amount of the Credit, provided that the Available Funds on a Payment Date do not allow payment of the Fund's obligations ordered from 1st to 7th place to be made, in the Fund Payment Priority Order.

In accordance with section III.4.3, in the event of the rating of the non-subordinated and unsecured long-term debt of BANKINTER dropping below A1 or A respectively in Moody's and S&P's rating scales, the Management Company shall, within not more than thirty (30) days of that occurrence, or five (5) Business Days if the rating drops below P-1 or A-1, draw the full amount available up to the Maximum Amount of the Credit on the date on which this drawdown is made, allotting it to setting up a Reserve Fund, unless BANKINTER should provide for the benefit of the Fund and at its cost a first demand security or guarantee of an institution whose short- and long-term debt has a rating of at least A1/P-1 and A/A-1 in the above-mentioned rating scales, guaranteeing for the Fund, simply upon the Management Company so requesting, the amount of the drawdowns requested from BANKINTER up to the Maximum Credit Amount available on the relevant drawing date, all of which shall be subject to the terms and conditions approved by the Rating Agencies for the ratings assigned to each of the Series in the Bond issue to be maintained.

Repayment.

The Fund will repay any drawdown on the Credit on any Payment Date on which the Available Funds, not including the amounts available on the Credit, allow payment of the obligations of the Fund on that specific Payment Date numbered from 1st to 8th place to be made in the Payment Priority Order.

Nevertheless, in the event that the Maximum Amount of the Credit should be fully drawn down, as a result of a drop in the rating of BANKINTER and the Reserve Fund being set up, repayment shall be made on each of the Payment Dates in an amount equal to the difference existing between the amount of the Minimum Level required for the Reserve Fund on the preceding Payment Date and the amount of the Minimum Level required on the ongoing Payment Date, and in the application order provided for that event in the Payment Priority Order.

In the event that the Fund should not have sufficient liquidity to proceed to the relevant repayment of the Subordinated Credit on a Payment Date, in accordance with the Payment Priority Order, the portion of the principal not repaid shall be repaid on the next immediate Payment Date along with the amount that should be repaid, as the case may be, on that same Payment Date, until it is fully repaid.

Financial yield.

The Subordinated Credit shall accrue a nominal annual interest, determined quarterly in each interest accrual period, which shall be the result of adding: (i) the Benchmark Interest Rate determined for the Bonds, and (ii) a 1.00% spread. This interest will be payable only if the Fund should have sufficient liquidity in the Fund

Payment Priority Order. The interest accrued payable on a given Payment Date shall be calculated based on: (i) the days actually existing in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year.

Interest accrued and not paid on a Payment Date shall be accumulated to the principal of the Credit, earning additional interest at the same interest rate applicable to the Subordinated Credit for the Interest Accrual Period at issue, and shall be paid, provided that the Fund has sufficient liquidity, and in the Payment Priority Order , on the next immediate Payment Date.

The Subordinated Credit Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

V.3.3 Starting Expenses Loan Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a commercial loan agreement amounting to EUR two million two hundred and thirty thousand (2,230,000.00]) (ESP 371,040,780) (the "**Starting Expenses Loan Agreement**") which shall be designed to finance the Fund organisation and Bond issue expenses and finance partially the subscription for the Mortgage Certificates.

The loan will accrue an annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Benchmark Interest Rate determined for the Bonds, and (ii) a 1.00% spread. This interest will be payable only if the Fund should have sufficient liquidity in the Fund Payment Priority Order. The interest accrued payable on a given Payment Date shall be calculated based on: (i) the days actually existing in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year.

Interest accrued and not paid on a Payment Date will be accumulated and accrue a late-payment interest at the same rate as the loan and will be paid, provided that the Fund has sufficient liquidity, and in the Payment Priority Order, on the next immediate Payment Date.

Repayment will be effected quarterly on each of the Payment Dates as follows:

(i) The portion of principal of the Loan designed to finance the Fund organisation expenses and finance partially the subscription for the Mortgage Certificates shall be repaid in twenty (20) consecutive quarterly instalments for an identical amount, on each Payment Date, the first of which shall be the first Payment Date, January 16, 2002, and the following until the Payment Date falling on October 16 de 2006, inclusive.

(ii) The portion of the principal of the Loan actually used to finance the Bond issue expenses shall be repaid quarterly, on each Payment Date, the first of which shall be the first Payment Date, January 16, 2002, and the following until the Final Maturity Date, in the amount in which those expenses were amortised monthly in accordance with the official accounts of the Fund.

(iii) The portion of the principal of the Loan designed to finance the Fund organisation expenses and the Bond issue expenses not used shall be amortised on the first Payment Date, to wit January 16, 2002.

In the event that the Fund should not have sufficient liquidity, in the Payment Priority Order, on a Payment Date to proceed to the partial repayment falling due on the Starting Expenses Loan, then the portion of principal not repaid shall be repaid on the next immediate Payment Date along with the amount that should be repaid on that same Payment Date, as the case may be, until it is fully repaid.

Amounts not paid on preceding Payment Dates shall be paid with priority over the amounts falling due in connection with the Loan on that Payment Date, satisfying in the first place overdue interest and secondly repayment of principal, in the Fund Payment Priority Order.

V.3.4 Interest Swap Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER, into an Interest Swap Agreement (the "**Swap Agreement**") in accordance with the standard Spanish Banking Association's Master Financial Transaction Agreement, the most relevant characteristics of which are described below.

Under the Swap Agreement, the Fund will make payments to BANKINTER calculated on the Benchmark Interest Rate of the Participated Mortgage Loans, and in consideration BANKINTER will make payments to the Fund calculated on the Benchmark Interest 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. January 16, April 16, July 16 and October 16 in every year, or, if any of these dates is not a Business Day, the next immediate Business Day.

2. **Settlement Periods.**

   Party A:

   The settlement periods for Party A shall be the days actually elapsed between two consecutive settlement dates, excluding the first and including the last date. Exceptionally, the length of the first settlement period for Party A shall be equivalent to that comprised between October 23, 2001 (inclusive) and January 16, 2002 (inclusive).

   Party B:

   The settlement periods for Party B shall be the days actually elapsed between two consecutive settlement dates, including the first and excluding the last date. Exceptionally, the length of the first settlement period for Party B shall be equivalent to that comprised between the Bond Issue Closing Date (inclusive) and January 16, 2002 (inclusive).

3. **Amounts payable by Party A.**

   On each settlement date Party A shall pay an amount equal to the aggregate sum of:

1. The total interest amount at the benchmark rate or index of all the ordinary interest due on the Participated Mortgage Loans, whether or not they were paid by the mortgagors, during the settlement period.

   For these purposes (i) the ordinary interest will be reduced in the interest accrued payable by the Fund in connection with the subscription for the Mortgage Certificates, and (ii) as the case may be, the ordinary interest due will also be deemed to comprise the accrued interest received by the Fund both on the sale of Mortgage Certificates and on the early amortisation of Mortgage Certificates by BANKINTER in accordance with the rules laid down for substituting the Mortgage Certificates.

2. The total interest amount on the principal amounts due on the Participated Mortgage Loans, whether or not they were paid by the mortgagors, during the Settlement Period, accrued over the days actually elapsed between the due date, inclusive, and the settlement date, exclusive, calculated at an annual interest rate equivalent to the Bond Benchmark Interest Rate determined for each Interest Accrual Period, coinciding with each ongoing settlement period and based on a 360-day year.

   For these purposes, as the case may be, principal amounts due on the Participated Mortgage Loans will also be deemed to be the principal amounts received by the Fund both on the sale of Mortgage Certificates and on the early amortisation of the Mortgage Certificates by BANKINTER in accordance with the rules laid down for substituting the Mortgage Certificates.

4. Amounts payable by Party B.

On each settlement date Party B shall pay an amount equal to the amount resulting from applying the Benchmark Interest Rate determined for the Bonds in the Interest Accrual Period coinciding with each ongoing settlement period on the Outstanding Principal Balance of the Bonds at the start of the settlement period.

If on a payment date the Fund should not have sufficient liquidity to make payment of the aggregate Amount payable to BANKINTER, the Swap Agreement will be terminated. In that event, the Fund shall take over the obligation to pay the settlement amount established on the terms of the Agreement, the foregoing in the Payment Priority Order. Without prejudice to the foregoing, other than in an extreme event of permanent financial imbalance of the Fund, the Management Company shall endeavour to enter into a new Swap Agreement.

In the event of the rating of the non-subordinated and unsecured long-term debt of BANKINTER dropping below A1 or A respectively in Moody’s and S&P’s rating scales, BANKINTER shall use every effort to have a third party take its contractual position with respect to the Swap Agreement.

Nevertheless, if the rating of the non-subordinated and unsecured short-term debt of BANKINTER should drop at any time throughout the life of the Bond issue below P-1 or A-1 respectively in Moody’s and S&P’s rating scales, BANKINTER shall irrevocably agree to take any of the following options within not more than one (1) month from the date of that occurrence: (i) that a third institution will secure fulfilment of its contractual obligations, (ii) that a third institution will take over its contractual position and substitute it before terminating the Swap Agreement for BANKINTER, or (iii) that a deposit in cash or securities will be made in favour of the Fund securing fulfilment of its contractual obligations; all of which shall be subject to the terms and conditions which should first be approved by Moody's and S&P for the ratings assigned to each of the Series to be maintained.

The occurrence, as the case may be, of an early termination of the Swap Agreement will not in itself be an Early-Amortisation Event of the Bonds and an Early-Liquidation Event of the Fund, in accordance with the provisions of sections II.11.3.3 and III.8.1 of this Prospectus, unless along with other events or circumstances related to the net worth of the Fund, the financial balance should be materially or permanently altered.

The Swap Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

Description of the Swap

The object of the Swap Agreement entered into is neutralising the underlying floating interest risk arising in the Fund between the floating interest of the Participated Mortgage Loans based on various benchmark indices (one-year Mibor/Euribor in the mortgage market) and different review and settlement periods, and the floating interest of the Bond Issue based on 3-month Euribor and with quarterly accrual and settlement periods, though the Agreement does not neutralise the credit risk remaining in the Fund, since the amounts payable by the Fund also include amounts derived from delinquent Participated Mortgage Loans. The credit risk derived from delinquent Participated Mortgage Loans is hedged, enhancing the credit, firstly through the Subordinated Credit and secondly by the subordinated structure of the Series A, B and C Bonds, in regard to both interest payment and principal repayment, in the Fund Payment Priority Order.

The Swap works as follows:

1. The Fund pays BANKINTER:
   - The interest (excluding the differential element) due to the Fund on the Participated Mortgage Loans, regardless of whether or not the obligor shall have paid that interest, whenever they must be paid to the Fund under the Participated Mortgage Loan Servicing Agreement.
   - The accrued interest due both upon the sale of Mortgage Certificates, in the event of an early liquidation of the Fund, and upon the early amortisation of Mortgage Certificates by BANKINTER based on the rules established for their replacement.
   - The interest accrued by the principals amortised on the Mortgage Certificates (scheduled or early amortisation), regardless of whether or not the obligor shall repaid the principal, over the period elapsed since they should have been paid into the Fund's Treasury Account and until the Swap settlement date, at the Bond Benchmark Interest Rate (3-month Euribor), matching the Treasury Account interest.
2. The Fund receives from BANKINTER:
   - The Bond Benchmark Interest Rate (3-month Euribor) on the outstanding face amount of the Bonds during the relevant settlement period.

Relevant aspects:

(i) The settlements received by BANKINTER arise from a "cash" principle, meaning that the due dates of both instalments and early amortisations falling in each Swap settlement period determine the amounts paid by the Fund to BANKINTER in each settlement. Nevertheless, since Participated Mortgagee Loan delinquency is not shifted to the Swap, the Fund pays interest on what is received or should have received (in the event of obligor delinquency) on the Mortgage Certificates, albeit not so on what it is yet to be received, either because the Participated Mortgage Loan instalment is not due or because, even if it is due, and regardless of whether or not it shall have been paid by the obligor, BANKINTER, as the Servicer, has not yet paid it into the Fund's Treasury Account under the Participated Mortgage Loan Servicing Agreement.

In particular, the above means that BANKINTER will not receive from the Fund until the next Swap settlement:

- The portion of interest on the relevant Participated Mortgage Loans at their benchmark rates due before the Swap settlement date, regardless of whether or not the obligors shall have paid it, but which has not yet been paid, if paid by the obligor, or should have been paid, if there is arrears, into the Fund's Treasury Account (the Fund receives payment in D+7 days, D being the date of collection from obligors, though for Swap purposes this becomes the due dates of the Participated Mortgage Loans).
- The portion of interest on the relevant Participated Mortgage Loans at their benchmark rates which are not yet due and which cannot therefore have been collected, and will be paid during the next Swap settlement period. In other words, the Swap settlement date falls between the Loan settlement period dates. This is where there is a greater difference between the "cash" principle applied for Swap settlement and the accruals principle. Nevertheless, the Management Company calculates at the end of each month how the interest payable by the Fund to BANKINTER, which is an expense for the Fund, should be apportioned over time, and notifies the interest amount to BANKINTER in order that BANKINTER may book this as time-apportioned income.

(ii) The settlements paid by BANKINTER share both the accruals and the cash principle, because the Swap settlements take place on the very Bond settlement dates. Therefore, the difference between what BANKINTER pays and what the Fund receives shall be substantial on the first settlement against BANKINTER. On the following Swap settlement dates, the difference will gradually be balanced, and on the last settlement date, if there is an early liquidation upon the 10% option being exercised, the difference will be for BANKINTER due to the accrued interest due on the sale of Mortgage Certificates.

Moreover, the Management Company calculates at the end of each month how the interest receivable by the Fund from BANKINTER, which is income for the Fund, should be apportioned over time, and notifies the interest amount to BANKINTER in order that BANKINTER may book this as time-apportioned expenses.

The Fund therefore retains only the interest comprising the Mortgage Certificate differential and uses this to meet the Fund's expenses (interest comprising the Bond Series differentials, interest on the Starting Expenses Loan and, if there is availability, the Subordinated Credit, amortisation of Fund Organisation and Bond Issue starting expenses, periodic Management Company, Bond payment agency and Participated Mortgage Loan servicing fees, Bond rating monitoring expenses and annual audit of the Fund's account, and, as the case may be, any extraordinary expenditure). Insofar as it is not used due to delinquency on the Mortgage Certificates, the surplus, if any, remaining in the Fund, is returned to BANKINTER through the remuneration payable every year by the Fund to BANKINTER in quarterly interim payments under the Broking Agreement.

V.3.5 Servicing of the Participated Mortgage Loans and Custody of the Mortgage Certificates.

BANKINTER, issuer of the Mortgage Certificates to be subscribed for by the Fund, in accordance with the provisions of the Organisation Deed and in accordance with Royal Decree 685/1982, March 17, regulating certain aspects of the Mortgage Market, amended by Royal Decree 1289/1991, August 2, shall enter with the Management Company, for and on behalf of the Fund, into the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement (the "**Servicing Agreement**") whereby BANKINTER (the "**Servicer**" in this Agreement), shall as attorney for the Management Company on behalf of the Fund, (i) safe-keep and custody the Mortgage Certificates, (ii) custody and service the Participated Mortgage Loans; and (iii) manage collection of and receive, on behalf of the Fund, such amounts as may be paid by the mortgagors under the Participated Mortgage Loans subject of the Mortgage Certificates, proceeding to pay fully the amounts owing to the Fund, as established in section IV.2.1.3 of the Prospectus, into the Treasury Account.

In the event of a lower spread (benchmark index differential) being renegotiated for the interest rate applicable to the Participated Mortgagee Loans, and the weighted average spread of the Mortgage Certificates being equal to or less than 0.55, the Services agrees to pay the Fund, for the Participated Mortgage Loan, on each collection date after the date on which the modified spread takes effect and until it is repaid, an amount equal to the difference in the interest accrued by the Participated Mortgage Loan during each interest settlement period, calculated without reference to the Participated Mortgage Loan before the modification and calculated at the new established spread. The new spread established may not be less than 0.50.

In consideration of the services to be rendered under this agreement, the Servicer shall be entitled to receive in arrears on each of the Payment Dates and during the term of the Agreement, a subordinated servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the days actually elapsed and on the average daily Outstanding Balance of the Mortgage Certificates serviced during each Interest Accrual Period, provided that the Fund has sufficient liquidity and after meeting the payment obligations in the Payment Priority Order. If the Servicer should be substituted in that servicing task, if that is possible upon a change of current laws, and it is appropriate in view of circumstances of the Servicer which might prevent or make it difficult for that servicing to be properly performed, the Management Company will be entitled to change the above percentage fee in favour of the substitute institution by up to not more than 0.10% per annum.

If the Fund should, through its Management Company, due to a shortage of liquidity in the Fund Payment Priority Order, fail to pay the full fee due on a Payment Date, the amounts overdue shall accumulate without any penalty whatsoever on the fee payable on the next Payment Dates, whereupon they shall be paid.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

V.3.6 Bond Issue Management, Underwriting and Placement Agreement.

The Management Company shall, for and on behalf of the Fund, enter into a Bond Issue Management, Underwriting and Placement Agreement with CRÉDIT AGRICOLE INDOSUEZ Branch in Spain and DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain as Lead Managers and Underwriters and Placement Agents, with BANKINTER S.A. as Lead Manager and Placement Agent, and with EBN BANCO, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS S.A., J.P. MORGAN SECURITIES LTD., SALOMON BROTHERS INTERNATIONAL LTD., and SOCIÉTÉ GÉNÉRALE Branch in Spain as Underwriters and Placement Agents, whereby the Underwriters and Placement Agents and the Placement Agent shall proceed to place the entire Bond issue and, upon the Subscription Period being closed, the Underwriters and Placement Agents shall proceed to subscribe in their own name for the amount of Bonds yet to be subscribed for under their respective underwriting commitment specified in section II.19.1 of this Prospectus.

The Bond issue Underwriters and Placement Agents and the Placement Agent take on the obligations contained in the Management, Underwriting and Placement Agreement, which are basically the following: 1) the Underwriters and Placement Agents, an undertaking to subscribe on their own account for the Bonds not taken when the Subscription Period is closed, up to the set amounts; 2) obtain placement by a third-party subscription for the Bond Issue; 3) payment by the Underwriters and Placement Agents to the Payment Agent by 2pm on the Closing Date, same day value, of the face amount of the Bonds placed by each of them, whereupon, as the case may be, the Payment Agent shall pay the Fund, by 3pm, same day value, the amount received from the Underwriters and Placement Agents plus the face amount of the Bonds placed in its capacity as Placement Agent; 4) an undertaking to pay late-payment interest as covenanted in the agreement in the event of late payment of the amounts due; 5) providing the subscribers with a document certifying subscription; and 6) all other aspects governing the underwriting and placement.

The Management Company shall pay the Underwriters and Placement Agents and the Placement Agent the amount of the underwriting and placement fees on behalf of the Fund within 24 hours of the face amount being paid up by transfer instructions issued to the Payment Agent. The underwriting and placement fees for each of the Series are specified in section II.19.1 of this Prospectus.

CRÉDIT AGRICOLE INDOSUEZ Branch in Spain, DRESDNER BANK AKTIENGESELLSCHAFT Branch in Spain and BANKINTER, S.A. shall be involved as Lead Managers in the Bond Issue . They shall receive no remuneration whatsoever for leading the Bond Issue.

The Management, Underwriting and Placement Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

V.3.7 Bond Payment Agency Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a Payment Agency Agreement to service the Bond Issue made against the Fund.

The obligations contained in the Payment Agency Agreement are summarily the following:

(i) paying the Fund by 3pm on the Closing Date, specifically by means of a payment into the Treasury Account, same day value, the aggregate amount of the subscription for the Bond Issue received from the Underwriters and Placement Agents in accordance with the provisions of the Bond Issue Management, Underwriting and Placement Agreement;

(ii) carrying out the transfer instructions received from the Management Company, on behalf of the Fund, to pay the Underwriters and Placement Agents the amount of the underwriting and placement fees due on their respective underwriting commitments;

(iii) on each of the Bond Payment Dates, paying interest and repaying principal on the Bonds, after deducting the total amount of the tax withholding for return on investments that should be made in accordance with applicable tax laws; and

(iv) on each of the Interest Rate Fixing Dates, notifying the Management Company of the Benchmark Interest Rate determined that is to be used as the basis for calculating the nominal interest rate applicable to each of the Bond Series.

In consideration of the services to be provided by the Payment Agent, the Fund shall pay it a fee of EUR 1,502.53 (ESP 250,000), inclusive of taxes as the case may be, during the term of the agreement, payable on each Bond Payment Date, provided that the Fund has sufficient liquidity and after meeting all payment obligations, in the Payment Priority Order.

In the event that the Fund should not have sufficient liquidity to pay the full fee, then the amounts accrued and not paid shall be accumulated to the fee falling due on the next Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until the Payment Date on which that situation is no longer current.

The Payment Agency Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

V. 3.8 Broking Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANKINTER into a Broking Agreement designed to remunerate the broking process carried out and which has permitted the financial transformation defining the Fund's activity, the subscription by the Fund for the Mortgage Certificates and the satisfactory rating assigned to each of the Bond Series.

BANKINTER shall be entitled to receive from the Fund a variable subordinated remuneration which shall be determined annually as an amount equal to the positive difference, if any, between the income and expenditure accrued annually by the Fund in accordance with its accounts and before the close of each fiscal year, reduced, as the case may be, by the amount of losses brought forward from preceding years, which may be offset to adjust the year's book profit or loss for the purposes of settling the annual Corporation Tax. Part payments in this connection, which may be made on each Payment Date, calculated on the last day of the month preceding the Payment Date and in the Fund Payment Priority Order, shall be considered to be payments on account of the annual remuneration.

Furthermore, when the amount of the annual remuneration at the close of a fiscal year of the Fund is less than the aggregate amount of the quarterly interim payments made during that fiscal year on each of the Payment Dates, BANKINTER shall be bound, upon the Management Company so requesting, to reimburse to the Fund the difference between the quarterly interim payments received and the annual remuneration due to it. The reimbursement to the Fund may under no circumstances exceed the amount of the interim payment theretofore made in the relevant fiscal year.

If the Fund should not have sufficient liquidity on a Payment Date in the Fund Payment Priority Order to pay the full remuneration, the amount not paid shall accumulate without any penalty whatsoever on the remuneration payable on the following Payment Date until it is paid in full.

The Broking Agreement shall be fully terminated in the event that the Rating Agencies should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Series as the final ratings.

V.4 Priority rules established in Fund payments.

V.4.1 Ordinary priority rules in payments against the Fund.

Source and application of funds.

A) On the Bond Closing Date.

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 funds under the following items:
   a) Payment of subscription for the Bonds.
   b) Drawing on the Starting Expenses Loan.

2. **Application:** in turn, the Fund will apply the funds described above to the following payments:
   a) Payment of the price for subscribing for the Mortgage Certificates.
   b) Payment of the Fund organisation and Bond issue expenses.

B) From the Closing Date until the termination of the Fund.

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 amounts paid into the Treasury Account under the following items:

   a) Income received upon repayment of the principal of the Mortgage Certificates between the preceding Payment Date, exclusive, and the ongoing Payment Date, inclusive.

   b) Ordinary and late-payment interest received on the Mortgage Certificates between the preceding Payment Date, exclusive, and the ongoing Payment Date, inclusive.

   c) The return received on the amounts paid into the Treasury Account.

   d) The drawdowns on the Subordinated Credit, designed only to meet payment of the obligations of the Fund ordered in 1st to 7th place in the Payment Priority Order established in section 2 below.

   e) If the Reserve Fund is ever set up, the amount transferred to that fund.

   f) The amounts received under the Interest Swap Agreement.

   g) Any other amounts received by the Fund between the preceding Payment Date, exclusive, and the ongoing Payment Date, inclusive, including those resulting from the sale of properties awarded to the Fund, or their operation.

2. **Application**: The Available Funds shall be applied to meeting payment or withholding obligations falling due on each Payment Date in the following order of priority (the "**Payment Priority Order**"), irrespective of the time of accrual, other than the application 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 and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the same, and all other expenses and servicing fees, including those derived from the Payment Agency Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made in favour of the Servicer and in relation to the Servicing Agreement in this order.

2. Payment of the Swap Agreement amount and in the event of termination of that Agreement following a breach by the Fund, payment of the Amount payable by the Fund comprising the settlement payment.

3. Payment of interest due on the Series A Bonds.

4. Payment of interest due on the Series B Bonds.

5. Payment of interest due on the Series C Bonds.

6. Withholding an amount sufficient for the Reserve Fund to be kept at the Minimum Level.

   This application will only be effected if the Reserve Fund is ever established upon the Subordinated Credit being fully drawn down.

7. Amortisation of the principal of the Series A, Series B and Series C Bonds in accordance with the rules for calculating and distributing the Available Funds for Amortisation among each of the Series established hereinafter.

8. Payment of interest due on the Subordinated Credit.

   This application shall not be effected if the Subordinated Credit is fully drawn down to establish the Reserve Fund referred to in the application in 6th place.

9. Repayment of the principal drawn on the Subordinated Credit.

   This application shall not be effected if the Subordinated Credit is fully drawn down to establish the Reserve Fund referred to in the application in 6th place.

10. Payment of interest due on the Starting Expenses Loan.

11. Repayment of the principal of the Starting Expenses Loan.

12. Payment of interest due on the Subordinated Credit.

This application shall be effected if the Subordinated Credit is fully drawn down to set up the Reserve Fund.

13. Repayment of the principal of the Subordinated Credit in the amount of the reduction, as the case may be, of the Minimum Level for the Reserve Fund if it is ever set up.

    This application shall be effected if the Subordinated Credit is fully drawn down to set up the Reserve Fund.

14. Payment to the Servicer under the Servicing Agreement of the fee for servicing the Participated Mortgage Loans.

    In the event that BANKINTER should be replaced as Servicer of the Participated Mortgage Loans by another institution, payment of the servicing fee accrued by a third party, to wit the new servicer, shall take the place of paragraph 6 above, and the order of priority of successive payments contained under paragraphs 6 et seq. will consequently be changed.

15. Payment of the variable remuneration established in the Broking Agreement.

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

Available Funds for Amortisation on each Payment Date and Amortisation Deficit.

On each Payment Date, the amount to be allocated for the amortisation of the Bonds ("Available Funds for Amortisation") shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the Available Funds remaining after deducting the amounts applied to the items ranked from 1st to 6th place in the Payment Priority Order.

The Amortisation Deficit on a Payment Date will be the positive difference, if any, between the sum of item a), as established in the preceding paragraph, and the Available Funds for Amortisation, which Funds shall be reduced in the amount drawn down on the Subordinated Credit on the Payment Date for that application. If there should be an Amortisation Deficit, then in connection with the Amortisation of Series B Bonds, the Available Funds for Amortisation shall be fully allocated to the Amortisation of Series A Bonds.

Distribution of the Available Funds for Amortisation among the Bonds in each Series.

Those Available Funds for Amortisation of Bonds shall be distributed among the three Series for their amortisation in accordance with the following rules:

1. Up to the first Payment Date (inclusive) on which the Outstanding Principal Balance of the Series B Bonds is equal to or greater than 4.46% of the Outstanding Principal Balance of the Series A Bonds, the Available Funds for Amortisation shall be fully used for the amortisation of Series A Bonds.

2. From the Payment Date after the date on which the above ratio is equal to or greater than 4.46%, the Available Funds for Amortisation shall be applied to the amortisation of Series A and B, proportionally among the same, thereby for the above ratio between Outstanding Principal Balances of Series A and B Bonds to be kept at 4.46%, or a higher percentage closest thereto.

3. The amortisation of Series C Bonds shall begin once the Series A and B Bonds have been fully amortised, until they are fully amortised.

In connection with the Amortisation of Series B Bonds, and even if all of the events provided in the above rules are met, there will be no such amortisation if either of the following two circumstances occur on the relevant Determination Date:

a) In the event that the amount of the sum of the Outstanding Balance, as defined in section II.11.3.2.1.4, on Mortgage Certificates with an arrears equal to or greater than ninety (90) days on the Determination Date preceding the ongoing Payment Date should be equal to or greater than 6.00% of the Outstanding Balance of the Mortgage Certificates on that same date, the Available Funds for Amortisation shall all be allocated to the amortisation of Series A Bonds.

b) In the event that there should be an Amortisation Deficit, as described above, the Available Funds for Amortisation shall also all be allocated to the amortisation of Series A Bonds.

CHAPTER VI

GENERAL INFORMATION ON THE MORTGAGE SECURITISATION FUND MANAGEMENT COMPANY

In accordance with Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, the latter have no own legal personality, and Mortgage Securitisation Fund Management Companies are entrusted with organising, managing and legally representing those Funds, and representing and defending the interests of the holders of the securities issued by the Funds they manage.

Accordingly, this Chapter itemises the information relating to EUROPEA DE TITULIZACIÓN S.A., S.G.F.T., as the Management Company organising, managing and representing BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA.

VI.1 In relation to the company, other than its share capital..

VI.1.1 Name and registered office.

- **Company name:** EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.
- **Registered office:** Madrid, Lagasca, 120
- **VAT REG. No.:** A-80514466
- **Business Activity Code No.:** 7484

VI.1.2 Incorporation and registration in the Companies Register, and information relating to administrative authorisations by and registration at the Comisión Nacional del Mercado de Valores.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before a Notary Public of Madrid, Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, entered in the Companies Register of Madrid, volume 5,461, book O, folio 49, section 8, sheet M-89355, entry 1, dated March 11, 1993; and 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 a Notary Public of Madrid, 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. It is also entered in the special register of the Comisión Nacional del Mercado de Valores, under number 2.

The Management Company has perpetual existence, other than in any of the events of dissolution provided by the laws and the articles of association.

VI.1.3 Objects.

In accordance with statutory requirements, article two of its Articles of Association establishes that: “The Company’s exclusive objects shall be to organise, manage and legally represent both asset securitisation funds and mortgage securitisation funds. Furthermore, and in accordance with the applicable statutory regulations, the Company shall, as the manager of third party business, be responsible for representing and defending the interests of the holders of securities issued on the Funds it manages and of all their other ordinary creditors.”

VI.1.4 Place where the documents referred to in the Prospectus or the existence of which may be inferred from its contents may be found.

The Articles of Association, accounting, economic and financial statements of the Management Company and any other document referred to in this Prospectus, including the latter, or the existence of which may be inferred from its contents, may be found at the Management Company’s registered office at Calle Lagasca number 120, Madrid.

This Prospectus was verified and entered in the Official Registers of the Comisión Nacional del Mercado de Valores on October 19, 2001. It is publicly available, free of charge, at the Management Company’s registered office, at the Underwriters and Placement Agents and at the Placement Agent. It may also be found at the Comisión Nacional del Mercado de Valores in Madrid, Paseo de la Castellana, 19, and at the AIAF governing body, of Madrid, Plaza Pablo Ruiz Picasso, s/n, Edificio Torre Picasso, planta 43.

Upon the Organisation Deed being executed and before the Bond Subscription Period begins, the Management Company shall deliver a certified copy of the Organisation Deed to the Comisión Nacional del Mercado de Valores. Furthermore, the Management Company, Servicio de Compensación y Liquidación de Valores, S.A., or the affiliated undertaking to which the latter delegates its functions, and the AIAF governing body shall at all times make copies of the Organisation Deed available to the Bondholders and the public at issue in order that they may be examined.

VI.2 In relation to the share capital.

VI.2.1 Face amount subscribed for and paid up.

The wholly subscribed for, paid up share capital amounts to one million eight hundred and three thousand and thirty-seven euros and fifty cents (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, each having a face value of EUR 276.17.
- Series B comprising 1,250 shares, numbers 1,251 to 2,500, both inclusive, each having a face value of EUR 1,166.26.

VI.2.2 Classes of shares.

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

VI.2.3 Evolution of the share capital over the last three years.

During the last three years there has been no change in the share capital of the Management Company, other than the rounding up of the face value of the shares in Series A and the rounding down of the face value of the shares in Series B, to the nearest euro cent upon the redenomination of the share capital in euros pursuant to a resolution of the Board of Directors at a meeting held on March 27, 2001 in accordance with the provisions of article 21 of Act 46/1998, December 17, on the changeover to the euro.

VI.3 Information relating to shareholdings.

VI.3.1 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

VI.3.2 Group of companies in which the company has membership.

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

VI.3.3 Significant shareholders.

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

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

- Rounded to 4 decimal places.

VI.4 Corporate bodies.

The government and management of the Management Company are entrusted in the Articles of Association to the General Shareholders' Meeting and the Board of Directors. Its duties and authorities are as prescribed for those bodies in the Public Limited Companies Act and in Act 19/1992, July 7, in relation to the objects.

Among the other bodies for which provision is made in the Articles of Association, an Executive Committee has been set up with delegated authorities of the Board. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

VI.4.1 Officers.

Board of Directors

The Board of Directors has the following membership:

Chairwoman:	Ms Rosario Martín Gutiérrez de Cabiedes
Vice-chairman:	Mr José Antonio Álvarez Álvarez
Directors:	Mr José Manuel Aguirre Larizgoitia Mr José Mª. Castellón Leal on behalf of Barclays Bank, S.A. Mr Alberto Charro Pastor Mr Vicente Esparza Olcina Ms Ana Fernández Manrique Mr Mario Masiá Vicente Ms Carmen Pérez de Muniaín Mr David Pérez Renovales 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 Rafael Salinas Martínez de Lecea * Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A Mr Xavier Tintoré Belil, on behalf of J.P. Morgan España, S.A. Mr Antonio Uguina Zamorano Banco Atlántico, S.A.*

Non-Director Secretary: Ms Belén Rico Arévalo

(*Appointment made by the Shareholders' Meeting at the meeting held on June 28, 2001 which is pending registration at the Companies Register.)

VI.4.2 General Manager.

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

VI.5 Aggregate interests in the Management Company by the persons referred to in paragraph VI.4.

The persons referred to in section VI.4.1 above are not the direct or indirect holders or representatives of any share or obligation, other than the persons specifically referred to as representing a shareholder company, and only as such.

VI.6 Lenders of the management company in excess of 10 per 100.

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

VI.7 Specification as to whether or not the management company has any bankruptcy proceedings under way and the possible existence of significant lawsuits and matters which might affect its economic and financial position or, in the future, its ability to carry out the management and administration functions for which provision is made in this Prospectus.

There are none.

CHAPTER VII

RECENT EVOLUTION AND PROSPECTS OF THE MORTGAGE MARKET IN GENERAL AND OF THE MORTGAGE LOAN MARKET IN PARTICULAR WHICH COULD AFFECT THE FINANCIAL PROSPECTS OF THE MORTGAGE SECURITISATION FUND

VII.1 Most recent significant trends in the Mortgage Market in general and of the mortgage loan market in particular in relation to the legal framework, with the development of interest rates, and prepayment and delinquency rates.

The Spanish mortgage market has in recent years undergone a major transformation in regard to both its laws and the prevailing interest Credit Institutions have developed in the market.

The object of most recent regulations has been to provide mortgagors with a greater power to negotiate the terms of loans, and reduce certain costs attached to loan renegotiation. In this sense, in addition to Act 2/94, March 30, regarding substitution and amendment of mortgage loans (making provision for the possibility of substituting and renegotiating the economic terms of the loans, reducing both tax and fee costs, and reducing floating interest rate loan prepayment charges), two measures were taken designed to cheapen transaction costs in mortgage loan substitution and amendment and renewal transactions: on the one hand, the agreement made between the Economy Ministry and banks and savings banks, lowering charges; and on the other the approval of Royal Decree 2616/1996, December 20, modifying both notarial and registration fees in mortgage loan substitution and renewal transactions under that Act 2/94.

Moreover, the substantial drop of interest rates in recent years along with an enhanced competitiveness among Credit Institutions in this segment of financing given its strategic character with a view to fidelising customers, has fostered a considerable increase in mortgage loan prepayment rates remaining with interest rates in excess of those prevailing in the mortgage market from time to time, upon the failure by the lenders to renegotiate the financial terms.

In any event, it should therefore be borne in mind that mortgage loan prepayment shall take place irrespective of such Mortgage Loan Substitution and Amendment Act, for the possibility or advisability of so doing shall be prompted not only by the facilities given in that connection but by such more determinant factors as mainly seniority and higher interest rate of the loans in relation to those offered from time to time.

VII.2 Implications that might derive from the trends remarked in the preceding point Vll.1 (prepayment rate, default rate, et cetera).

The Participated Mortgage Loans underlying the Mortgage Certificates subscribed for by the Fund have a floating interest rate and are adjusted from time to time to market interest rate variations. Because of this, a high prepayment rate of the Participated Mortgage Loans is not to be expected. The provisions established for the renegotiation for determining the interest rate of loans that might be in upper ranges in relation to the market level from time to time should also be borne in mind.

As for the creditworthiness of the mortgagors, as contained in section IV.4.h), some of the mortgage loans on the provisional portfolio which shall stand as the basis for issuing the Mortgage Certificates, were liable at October 2, 2001 for late payment of amounts due, which situation was checked, as explained in the audit report attached as Schedule V to this Prospectus. The Participated Mortgage Loans that will finally be subject of the issue of Mortgage Certificates for the Fund to be organised shall have no overdue amounts on the date of issue.

Signature: MARIO MASIÁ VICENTE
General Manager
EUROPEA DE TITULIZACIÓN, S.A., S.G.F.T.

APPENDIX I

DEFINITIONS

APPENDIX I

Definitions

"Amortisation Deficit" shall mean on a Payment Date the positive difference, if any, existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on Business Day preceding each Payment Date, and the Available Funds for Amortisation, which Funds shall be reduced in the amount drawn down on the Subordinated Credit on the Payment Date for that application.

"Available Funds for Amortisation" shall mean the amount allocated to amortising the Bonds on each Payment Date.

"Available Funds" shall mean on each Payment Date the sum of (i) the balance of the Treasury Account and (ii) as the case may be and where appropriate the amount of the liquidation of the assets of the Fund.

"Bankinter" shall mean Bankinter S.A.

"Benchmark Interest Rate" shall mean the three- (3-) month Euribor Benchmark Interest Rate fixed at 11am CET, or the substitute Benchmark Interest Rate.

"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, with Crédit Agricole Indosuez Branch in Spain, Dresdner Bank Aktiengesellschaft Branch in Spain as Lead Managers and Underwriters and Placement Agents, with Bankinter S.A. as Lead Manager and Placement Agent, and with EBN Banco, Sociedad Española de Banca de Negocios S.A., J.P. Morgan Securities Ltd., Salomon Brothers International Ltd., and Société Générale Branch in Spain as Underwriters and Placement Agents.

"Bond Payment Agency Agreement" shall mean the Bond Payment Agency Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A.

"Bonds" shall mean the Series A Bonds, the Series B Bonds and the Series C Bonds issued against the Fund.

"Broking Agreement" shall mean the Broking Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A.

"Business Day" shall mean any day other than a Saturday, Sunday, public holiday in Madrid or non-business day in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

"Closing Date" shall mean the date on which the amount of the subscription for the Bonds is paid up and the nominal price of the Mortgage Certificates is paid, i.e. October 25, 2001.

"CNMV" shall mean the Comisión Nacional del Mercado de Valores.

Definitions

"Determination Dates" shall mean the dates falling on the third Business Day preceding each Payment Date or the immediately preceding Business Day if that is not a Business Day.

"Early-Liquidation Events" shall mean the events contained in section III.8.1 for which the Management Company, following notice duly served on the Comisión Nacional del Mercado de Valores, is entitled to proceed to an early liquidation of the Fund on a Payment Date.

"Final Maturity Date" shall mean the date on which the Bonds are finally amortised, i.e. October 16, 2038.

"Fund" shall mean BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA.

"Guaranteed Interest Rate Account (Treasury Account) Agreement" shall mean the Treasury Account and Guaranteed Interest Rate Account Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A..

"Interest Accrual Period" shall mean the days actually elapsed between two consecutive Payment Dates, including the initial Payment Date, but not including the final 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 agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A., whereby the Fund shall make payments to Bankinter based on the benchmark index rates of the Participated Mortgage Loans, and in consideration Bankinter will make payments to the Fund calculated on the Benchmark Interest Rate of the Bond Issue.

"Issue" shall mean the mortgage-backed bonds issued against the Fund with a face value of EUR 1,322,500,000 (ESP 220,045,485,000), consisting of three Series A, B and C.

"Lead Managers" shall mean the firms Crédit Agricole Indosuez Branch in Spain, Dresdner Bank Aktiengesellschaft Branch in Spain and Bankinter, S.A.

"Management Company" shall mean Europea de Titulización, S.A., Sociedad Gestora de Fondos de Titulización.

"Maximum Amount of the Subordinated Credit" shall mean in connection with the Subordinated Credit the lower of the following amounts: (i) EUR thirteen million two hundred and twenty-five thousand (13,225,000) (ESP 2,200,454,850) and (ii) 2.00% of the Outstanding Balance of the Mortgage Certificates.

"Minimum Level of the Reserve Fund" shall mean in connection with the Reserve Fund the lower of the following amounts: (i) EUR thirteen million five hundred thousand (13,500,000) (ESP 2,246,211,000) and (ii) 2.00% of the Outstanding Balance of the Mortgage Certificates.

"Moody's" shall mean Moody's Investors Service España, S.A.

“Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement” shall mean the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A.

“Mortgage Certificates” shall mean the Mortgage Certificates issued by Bankinter, S.A., pooled in the Fund.

“Organisation Deed” shall mean the public Deed relating to the organisation of the Fund, issue of and subscription for the Mortgage Certificates and issue of the Mortgage-Backed Bonds.

“Outstanding Balance of the Mortgage Certificates” shall mean the sum of the capital pending maturity and the capital due and not paid into the Fund for each and every one of the Mortgage Certificates.

“Outstanding Principal Balance of the Bonds” shall mean the sum of the outstanding balances yet to be amortised on the Bonds in each Series, such balances including the principal amounts that should, as the case may be, have been amortised and were not so settled due to a shortage of Available Funds for Amortisation of the Bonds, in the Payment Priority Order.

“Participated Mortgage Loan” shall mean the Participated Mortgage Loans underlying the Mortgage Certificates.

“Payment Agent” shall mean the undertaking servicing the Bonds. The Payment Agent is to be Bankinter, S.A.

“Payment Date” shall mean January 16, April 16, July 16 and October 16 of each year or the next Business Day, as the case may be. The first Payment Date shall be January 16, 2002.

“Payment Priority Order” shall mean the order of priority for applying the Available Funds on each Payment Date to meeting the payment or withholding obligations, irrespective of their time of accrual, in the same order of priority in which they are listed.

“Placement Agent” shall mean the firm Bankinter S.A.

“Rating Agencies” shall mean Moody’s Investors Service España, S.A, (“Moody’s”) and Standard & Poor’s España, S.A., (“S&P”).

“Reserve Fund” shall mean the Reserve Fund if it is every set up upon the Subordinated Credit being fully drawn down as a result of a drop in the rating of the short-and long-term debt of BANKINTER on the terms set down in the Subordinated Credit Agreement, and subsequently provided up to the Minimum Level

“S&P” shall mean Standard & Poor’s España, S.A.

“Series A Bonds” shall mean the Series A Bonds issued against the Fund.

“Series A” shall mean the Series A Bonds issued against the Fund.

“Series B Bonds” shall mean the Series B Bonds issued against the Fund.

"Series B" shall mean the Series B Bonds issued against the Fund.

"Series C Bonds" shall mean the Series C Bonds issued against the Fund.

"Series C" shall mean the Series C Bonds issued against the Fund.

"Servicer" shall mean the issuer of the Mortgage Certificates under the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement, Bankinter, S.A.

"Servicing Agreement", shall mean the Mortgage Certificate Custody and Participated Mortgage Loan Servicing Agreement.

"Starting Expenses Loan Agreement" shall mean the Starting Expenses Loan Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A..

"Starting Expenses Loan" shall mean the loan granted by Bankinter al Fondo, in accordance with the provisions of the Starting Expenses Loan Agreement.

"Subordinated Credit Agreement" shall mean the Subordinated Credit Agreement entered into between the Management Company, for and on behalf of the Fund, and Bankinter, S.A.

"Subordinated Credit" shall mean the Subordinated Credit granted by Bankinter to the Fund as provided in the Subordinated Credit Agreement.

"Subscription Period" shall mean the period comprised between 12 o'clock noon Madrid time on October 23, 2001 and 5pm Madrid time on October 24, 2001.

"Swap Agreement" shall mean the Interest Swap Agreement.

"Treasury Account" shall mean the account at Bankinter, in accordance with the provisions of the Treasury Account and Guaranteed Interest Rate Account Agreement Treasury Account, through which all of the Fund's payments shall be made and received.

"Underwriters and Placement Agents" shall mean the firms Crédit Agricole Indosuez Branch in Spain ("**Crédit Agricole Indosuez**"), Dresdner Bank Aktiengesellschaft Branch in Spain ("**Dresdner Kleinwort Wasserstein**"), EBN Banco, Sociedad Española de Banca de Negocios S.A. ("**EBN Banco**"), J.P. Morgan Securities Ltd. ("**JPMorgan**"), Salomon Brothers International Ltd. ("**Schroder Salomon Smith Barney**") and Société Générale Branch in Spain ("**Société Générale**").