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Banesto

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Confidential

Preliminary Terms and Conditions

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Consumo Banesto 1, FTA

€1,000,000,000 Securitisation of consumer loans

Class	Fitch, Moody's and S&P	Amount (€mm)	% of the deal	Margin	Average Life ¹	Repayment window	BIS ²	BIS 2 ³
Class A	AAA/Aaa/AAA	[•]	[•]%	Euribor 3M+ [•]bps	[•]years	[•]	100%	7%
Class B	AA/Aa2/AA	[•]	[•]%	Euribor 3M+ [•]bps	[•]years	[•]	100%	15%
Class C	A/A2/A	[•]	[•]%	Euribor 3M+ [•]bps	[•]years	[•]	100%	20%

¹ Assumptions: (i) all loans are subject to a [•]% CPR; (ii) no modifications to the maturity date of any of the loans of the initial pool; (iii) [•]% delinquencies and 100% recoveries within [•] months; (iv) there is a two year Revolving Period and (v) the clean-up call is exercised.

² Current rules of The Bank of Spain.

³ Ratings Based Approach Basel Committee on Banking Supervision, final document, June 2004.

Expected transaction timetable

CNMV verification: [•]

Announcement and pricing: [•]

Closing and settlement: [•]

Executive summary

- Consumo Banesto 1 is Banesto's eighth securitisation transaction overall and the first within the asset class. Banesto intends to continue using securitisation as an efficient funding and balance sheet management tool
- Consumo Banesto 1 is backed by a portfolio of unsecured loans granted to individuals resident in Spain and originated in Spain by Banesto in its ordinary course of business which fulfill the strict credit approval criteria of the originator
- The average outstanding balance of each loan is approximately €[•] with a weighted average seasoning of [•] months

Note: Data from provisional pool cut as of [•]

Neither the Management Company, the Arranger, the Joint-lead managers, the Paying Agent, the Custodian, the Originator, nor any other persons nor any of their respective affiliates make any representations as to the accuracy or completeness of the information herein. The information herein is preliminary, and will be superseded by the applicable Offering Circular and by any other information subsequently filed with the Spanish Stock Exchange. The information herein addresses only certain aspects of the applicable Notes' characteristics and thus does not provide a complete assessment of the Notes. As such, the information may not reflect the impact of all structural characteristics of the Notes. The assumptions underlying the information, including structure and collateral, may be modified from time to time to reflect changed circumstances. The attached term sheet is not intended to be an Offering Circular and any investment decision with respect to the Notes should be made by you based solely upon all of the information contained in the final Offering Circular. Under no circumstances shall the information presented constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Notes may not be sold nor may an offer to buy be accepted prior to the delivery of a final Offering Circular relating to the Notes. All information described herein is preliminary, limited in nature and subject to completion or amendment. No representation is made that the above referenced Notes will actually perform as described in any scenario presented. Neither the Management Company, the Joint-lead managers, the Arranger, the Paying Agent, the Custodian, the Originator, nor any other persons has prepared, reviewed or participated in the preparation hereof. The Management Company, the Joint-lead managers, the Arranger, the Paying Agent, the Custodian, the Originator, nor any other persons are not responsible for the accuracy hereof and they have not authorized its dissemination. A final Offering Circular may be obtained by contacting Banesto Syndicate Desk at +34 91 338 21 23 or JPMorgan Syndicate Desk at +44 20 7779 2322.

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Summary of terms

Issuer:	Consumo Banesto 1, Fondo de Titulización de Activos (“Issuer” or the “Fund”).
Originator and Servicer:	Banco Español de Crédito, S.A. (“Banesto”). Banesto is rated AA/F1+ by Fitch, Aa3/P-1 by Moody’s and AA/A-1+ by S&P.
Collateral Type:	A portfolio of unsecured loans granted to individuals resident in Spain and originated in Spain by Banesto in its ordinary course of business which fulfill the strict credit approval criteria of Banesto. All the loans in the portfolio are fully performing, or if in arrears for a maximum period up to 30 days.
Arranger:	JPMorgan.
Joint-Lead Managers:	Banesto, JPMorgan and [•].
Management Company:	Santander de Titulización S.G.F.T. S.A. (“SdT”).
Payment Dates:	[Quarterly, on each 15th of [•], [•], [•] and [•] of every year or on the following Business Day].
Subscription Period:	Between [•] and [•] (CET) of the [•].
First Payment Date:	[•].
Legal Maturity Date:	[•].
Coupon:	3 month Euribor plus the Margin.
Clean-up Call:	The Management Company may terminate the transaction from the Payment Date in which the aggregate principal amount of Outstanding Loans is less than 10% of the aggregate issue amount.

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Credit and amortisation structure

- Cash Reserve:** Fully funded Cash Reserve at closing of €[•] million (equivalent to [•]% of the initial balance of the notes) (the “Initial Cash Reserve”) to be fully funded at closing through a **subordinated loan** to be provided by Banesto.
- On each payment date, the “Required Cash Reserve Amount” shall be equal to the lower of:
- (i) The Initial Cash Reserve; and
 - (ii) The higher of:
 - (A) [•]% of the outstanding principal balance of the notes; and
 - (B) [•]% of the initial balance of notes.
- In any event, the Initial Cash Reserve:
- (i) Will not be reduced until 2 years have elapsed from the Closing Date; and
 - (ii) Thereafter it will not be allowed to decrease between two subsequent Payment Dates if either:
 - (A) The ratio of: (i) Delinquent Loans; to (ii) the Outstanding Loans, is greater than 1.0%; or
 - (B) The Required Cash Reserve Amount was not fully funded on the previous Payment Date.
- Delinquent Loans:** Loans in arrears for more than 90 days (excluding the Written-off Loans).
- Written-off Loans:** Those loans which:
- (i) Have amounts in arrears for a period equal to, or greater than, **[12] months**; or
 - (ii) Have been classified as Written-off Loans.
- Outstanding Loans:** All outstanding loans other than Written-off Loans.
- Subordinated Start Up Loan:** Banesto will grant the Issuer a loan to cover all the start-up costs associated with the transaction (estimated to be €[•] million).
- Interest and principal payments due under this loan will be subordinated to all other payments due by the Issuer in accordance with the Priority of Payments of the Fund.
- Subordinated Loan:** Banesto will grant a Subordinated Loan to the Issuer for an amount equal to €[•] million (equivalent to [•]% of the initial balance of notes) that will be used to fund the Initial Cash Reserve.
- Treasury Account:** The Management Company on behalf of the Issuer will open a current account with Banesto (“Treasury Account”) in which all amounts received in favour of the Issuer will be deposited. The amounts deposited in the Treasury Account will generate interest at a rate equal to the **3 month Euribor rate applicable to the notes**.

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Principal Collections Account:	The Issuer will open a principal collections account and will enter into a guaranteed interest contract with Banesto. According to this contract, all amounts standing to the credit of the Principal Collections Account will generate interest at a rate equal to the 3-month Euribor rate applicable to the notes.
Credit Enhancement:	<p>Class A:</p> <ul style="list-style-type: none">(i) [•]bps gross excess spread guaranteed via the Swap;(ii) Cash Reserve, as defined above;(iii) Class B and C subordination: initially [•]%, growing as the outstanding notional of Class A bonds are paid down following the termination of the Revolving Period; and(iv) Claims over the obligors. <p>Class B:</p> <ul style="list-style-type: none">(i) [•]bps gross excess spread guaranteed via the Swap;(ii) Cash Reserve, as defined above;(iii) Class C subordination: initially [•]%, growing as the outstanding notional of Class A bonds are paid down following the termination of the Revolving Period; and(iv) Claims over the obligors. <p>Class C:</p> <ul style="list-style-type: none">(i) [•]bps gross excess spread guaranteed via the Swap;(ii) Cash Reserve, as defined above; and(iii) Claims over the obligors.
Simplified Priority of Payments:	<ol style="list-style-type: none">1. Ordinary and extraordinary expenses of the Fund;2. Administration fee;3. Net payments under the Swap Agreement (other than swap termination payments due to a default or breach of contract by the swap counterparty);4. Interest payments on the Class A Notes;5. Interest payments on the Class B Notes (when not deferred);6. Interest payments on the Class C Notes (when not deferred);7. Capital Repayment Fund;8. Interest payments on the Class B Notes (when deferred);9. Interest payments on the Class C Notes (when deferred);10. Replenishment of the Cash Reserve;11. Swap termination payments due to a default or breach of contract by the swap counterparty;12. Interest payments and principal repayments under the Subordinated Loan;13. Interest payments and principal repayments under the Subordinated Start Up Loan;14. Cash back to Banesto.
Class B Interest Deferral:	Interest payments on the Class B Notes will be deferred from the 5th to the 8th place of the Priority of Payments when on a Payment Date the cumulative outstanding balance of Written-Off loans represents more than [•]% of the outstanding balance of the pool at closing and Class A Notes have not been fully amortised.
Class C Interest Deferral:	Interest payments on the Class C Notes will be deferred from the 6th to the 9th place of the Priority of Payments when on a Payment Date the cumulative outstanding balance of Written-Off loans represents more than [•]% of the outstanding balance of the pool at closing and Class A and B Notes have not been fully amortised.

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Interest Rate Swap:

In order to hedge the interest rate risk (interest rates applicable to the loans are different to the 3-month EURIBOR rate payable under the notes), Banesto and the Issuer will enter into a swap agreement. The Swap has been structured such that the Issuer will:

1. Pay the equivalent of all interest actually received from the pool of loans;
2. Receive the sum of:
 - (i) 3 month Euribor payable under the notes, and
 - (ii) an excess spread of [•]%;
 - (iii) multiplied by the daily average outstanding balance of the performing loans (defined as current).

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Revolving period and amortisation profile

- Revolving Period:** On each Payment Date during the Revolving Period, and subject to strict eligibility criteria and performance triggers, the Issuer will use all principal collections received from the portfolio of loans to purchase new assets from the Originator.
- The revolving period will last for a period of two years (until the Payment Date falling on [•] inclusive).
- Capital Repayment Fund:** On each Payment Date, the Issuer will retain in the Priority of Payments number 7, an amount equal to the difference between:
- (i) The principal outstanding balance under all the classes of notes; and
 - (ii) The sum of (1) the balance of the Principal Collections Account; and (2) the principal outstanding balance of all Outstanding Loans.

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Available Amortisation Funds:	The Available Amortisation Funds on each Payment Date will be the aggregate of: (i) Amounts effectively retained in the Priority of Payments number 7; and (ii) The outstanding balance of the Principal Collections Account.
Distribution of Principal Available Funds:	On each Payment Date, the Available Principal Funds shall be applied: (i) During the Revolving Period, to purchase new loans from the Originator at the nominal value of their outstanding principal balance; (ii) The remaining Available Amortisation Funds not used to purchase new loans, shall remain deposited on the Principal Collections Account; Once the Revolving Period ends, the Available Amortisation Funds shall be applied to amortise the Notes, on a pass-through basis, following the Amortisation Profile.
Amortisation Profile:	On each Payment Date following the end of the Revolving Period, the Available Amortisation Funds will be used to redeem Class A Notes. Once the Class A Notes have been fully redeemed, Class B Notes will start to amortise until its full redemption, followed by Class C Notes.

Eligibility Criteria:

INDIVIDUAL TESTS

On each Payment Date in which the Issuer acquires new assets, the Originator and the Management Company will represent and warrant that all new loans will meet each one of the following criteria:

- The loan has been originated by Banesto in its normal course of business following its standard underwriting and credit scoring criteria;
- The loan has been granted to an individual and under the Spanish law;
- The loan is performing, or if in arrears, for a period not exceeding 30 days;
- The borrower has paid at least [one (1)] installment under the loan;
- The loan provides for periodical installments of principal and interest and does not incorporate any type of balloon payments;
- The loan contract does not allow the Borrower to defer any payment (whether principal or interest) after the relevant purchase date;
- The final maturity date does not exceed [•];
- The loan is denominated in euros;
- Payments under the loan are made by the automatic direct debit to a bank account authorised by the relevant obligor at the signature of the loan contract;
- [The asset is not formed by credit rights arising from a leasing agreement;]
- The loan should also meet the general requirements established in the Offering Circular;
- [The obligor is not an employee of Banesto.]

AGGREGATE PORTFOLIO TESTS

- The weighted average interest rate of the Portfolio of fixed rate Loans shall not be less than [•]%;
- The weighted average margin of the Portfolio of floating rate Loans shall not be less than [•]%;
- The weighted average seasoning of the additional Portfolio is equal to or greater than [•] months;
- The weighted average remaining term of the aggregate Portfolio is equal or lower than [•] years;
- The aggregate outstanding balance of loans with outstanding balance greater than [•] does not exceed [•]% of the total portfolio;
- The maximum borrower concentration does not exceed [•].

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- Early Amortisation:** Upon the occurrence of any of the following events, the Revolving Period will automatically terminate and the Issuer would use all the Available Amortisation Funds to redeem the notes on a rigorous sequential basis.
- Any of the following circumstances constitute an Early Amortisation Event:
- (i) Any interests due under [any of the Classes of Notes] remain unpaid after the relevant Payment Date; or
 - (ii) [The cumulative aggregate outstanding amount of Written-off Loans represents more than [•]% of the outstanding balance of the pool at closing]; or
 - (iii) The originator becomes insolvent, involved in any type bankruptcy procedures or its license to carry out its business is revoked; or
 - (iv) Banesto ceases to be the Administrator of the portfolio; or
 - (v) The principal outstanding balance of Delinquent Loans is greater than [•]% of the total principal outstanding balance of the Outstanding Loans; or
 - (vi) The Required Cash Reserve Amount was not at its required level on the previous Payment Date; or
 - (vii) During two consecutive Payment Dates, the aggregate outstanding balance of Outstanding Loans is less than 90.00% of the outstanding balance of the notes; or
 - (viii) On any Payment Date, the aggregate outstanding balance of Outstanding Loans is less than 80.00% of the outstanding balance of the notes; or
 - (ix) In the event that a new fiscal regulation was introduced in Spain making the sale of additional assets excessively cumbersome for Banesto; or
 - (x) The Swap Agreement is terminated and no replacement acceptable to the rating agencies has been provided within 15 days.

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Miscellaneous

Management Company:	Santander de Titulización Website link: www.gruposantander.es/titulizacion
Subordinated Loan Provider:	Banesto.
Swap Counterparty:	Banesto.
Listing:	AIAF, Mercado de Renta Fija, Madrid, Spain.
Settlement:	Euroclear, Iberclear and Clearstream.
Governing Law:	Spanish.
Bond Denomination:	€100,000
Business Day Convention:	Actual/360, TARGET and Madrid Business Days.